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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

ON

H.R. 3015

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1990, AND FOR OTHER PURPOSES

PART 1 (Pages 1-568)

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, FEBRUARY 23, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS
Washington, DC.

The subcommittee met at 10:30 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Byrd, Sasser, Mikulski, D'Amato, Domenici, Kasten, and Grassley.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. SAMUEL K. SKINNER, SECRETARY OF TRANSPORTATION

ACCOMPANIED BY WILLIAM H. FITZGERALD, DEPUTY ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS

OPENING REMARKS

Senator LAUTENBERG. Good morning. We call the Subcommittee on Transportation of the Appropriations Committee to order.

We welcome the Secretary and our distinguished colleague, the chairman of the Appropriations Committee, who took time from his schedule to join us here this morning at the subcommittee hearing. I am pleased to see Senator Byrd here.

We have a couple of new members who are not here yet, but we do add a welcoming note to them, to Senator Sasser and Senator Mikulski on the Democratic side, and on the Republican side we are joined by Senators Domenici and Grassley.

We want to welcome Secretary Skinner to his first appearance before the subcommittee. He has been widely recognized as a nononsense professional who, we believe and hope, is going to do a good job and a fair job. I know that he is going to approach his assignment in a pragmatic way to help solve the problems we face in trying to balance all the needs within the transportation system and to equitably distribute the taxpayers' money.

I was encouraged by the Secretary's pledge to work with this subcommittee in a spirit of cooperation. I believe, Mr. Secretary, that you will find that this subcommittee tries its best to work in a bipartisan fashion. We have just been joined by our distinguished ranking colleague, Senator D'Amato, who I hope will vouch for the fact that bipartisanship is the credo here because we have to solve the problems together.

I am hopeful that we can make a fresh start in some ways. We had a fundamental disagreement with the previous administration on what a balanced transportation program is. And I strongly believe that the FAA and the Coast Guard have to receive the resources necessary to perform their jobs. But we can't expect to pay for these increases simply by decimating Amtrak or mass transit. This subcommittee and the Congress have consistently rejected that approach, but the message was never understood by the previous administration.

The Reagan budget that we received for fiscal year 1990 is proof of that. The Bush budget, on which we do not yet have complete details, seems to suggest that the Reagan proposals will largely be adopted by this administration unless they're modified based on negotiations with the Congress. Now, we welcome discussions on issues and hope that we can avoid refighting the same battles for another 4 years.

The budget that has been presented to the Transportation Subcommittee asks for $24.3 billion in appropriations and obligation limits for the Department. This is $1.5 billion below the 1989 enacted level. For the Department of Transportation, the flexible freeze is actually a cut. Nevertheless, there are major increases for FAA, slightly over $1 billion. Increases are also requested for the Coast Guard of slightly over one-half of a billion dollars. But as currently proposed, these increases are funded by a cut of $1.6 billion for UMTA, a decrease of over $600 million for Amtrak and its related activities, and a cut of over $1 billion from our highway programs.

BALANCED TRANSPORTATION PROGRAM

In addition to these cuts, which I can safely say this committee will not accept, there is no funding request for programs that I know that are important to members of this subcommittee, including essential air service and the local rail service assistance programs.

So, if what you want to do is negotiate with this proposal, you have made, Mr. Secretary, you can be sure that we're going to have a lot to talk about as we work to produce a budget for fiscal year 1990 that provides our mutual objective of a balanced transportation program.

Mr. Secretary, you have said that you want to develop a national transportation policy, and I salute that objective. To do that, we have to look at transportation as a system and recognize that each mode depends upon and affects another. You can't cut Amtrak funding without crowding the skies and highways on the eastern seaboard. You can't cut transit funding without making even more congestion on our highways and even more polluted air. And you can't cut highway spending unless you want to stifle commercial and economic growth in our country. And as we expand the responsibilities of the Coast Guard in the areas of interdicting drugs, fighting ocean pollution, and enforcing treaties, we have to find the resources for the agency to do that job.

In the past, this committee has shown itself to be committed to safety across all modes. Hearings were held after the Conrail/Amtrak accident that resulted in new safety rules for the railroad industry. Also, funds for the enforcement of drunk driving legislation has been at the top of the agenda. In addition, this subcommittee continuously pushes the Federal Highway Administration to step up its efforts in the motor carrier safety area.

This committee funded the efforts to beef up aviation security. We provided R&D money over the past 3 years to improve checked baggage and luggage security and to improve X-ray and other technologies to check passengers boarding aircraft. Part of the fiscal year 1990 request is also to hire national aviation security personnel which I think, despite the budget constraints this subcommittee faces, is something we are going to have to find a way to fund.

Well, I look forward to Secretary Skinner's presentation and look forward to his explanation of what his requests involve in a little more detail this morning.

I'm also anxious to hear the Secretary's report on what was accomplished at the recent aviation security meeting in Montreal, what direction he suggests that we go to improve the safety and security of U.S. citizens traveling abroad, not only on U.S. flag carriers, but also for those citizens who travel on foreign flag carriers and, of course, use foreign airports.

We also have some concerns about the burgeoning costs of the, National Airspace System [NAS] plan. And I would like to point out that the largest civil acquisition program since the Apollo program is the NAS plan. Its estimated costs are substantially higher than that which was originally proposed, and at the same time its completion date keeps slipping.

I am encouraged, however, by the request of the Reagan/Bush budget for additional air traffic controllers, 695 of them, which would bring us to a total of almost 17,500 by the end of fiscal year 1990, and also a request for an additional 400 aviation inspectors.

Secretary Skinner, before you start your testimony, I'm going to call on Senator D'Amato, the distinguished ranking member of this subcommittee, and I would like to at the same time welcome Mr. FitzGerald as he prepares to leave a very distinguished career in Government service. We are pleased to have you with us today.

Senator D'Amato.

STATEMENT OF HON. ALFONSE M. D'AMATO, U.S. SENATOR FROM NEW YORK

Senator D'AMATO. Thank you, Mr. Chairman. Certainly it is a pleasure to join with you and the rest of this subcommittee in welcoming our new Secretary of Transportation, Samuel K. Skinner, to his first hearing before us. Secretary Skinner brings an extraordinary background and qualifications to this job. He has a long and distinguished record of public service, keen legal acumen and operational knowledge gained from heading the Nation's second largest transit system. I have already had the opportunity, Mr. Chairman, as I know you have, to meet Sam Skinner and I am convinced that he has the ability, the commitment, the perspicacity to undertake this tough task.

The proposed budget for fiscal year 1990 for the Department of Transportation contains some familiar sights, Mr. Chairman. The Reagan administration's proposal contains no funds for Amtrak, large cuts in mass transit, and huge increases in FAA and Coast Guard. The total request is for $24.3 billion in new appropriations and obligations. That is a $1.5 billion cut from fiscal year 1989, or a 5.9-percent decrease.

President Bush has proposed a so-called flexible freeze that does not specify which programs we must cut in order to achieve the Gramm-Rudman-Hollings deficit reduction for 1990. Final decisions about specific program cuts are to be negotiated between Congress and the administration.

However, as Secretary Skinner indicated in his testimony, one method of achieving the flexible freeze would be to adopt the Reagan DOT budget. In the past we have not accepted that plan which entails deleting Amtrak and cutting 50 percent of transit funds. It is clear that this subcommittee will again face that dilemma of robbing Peter to pay Paul. If we add more dollars for Coast Guard operations and for capital and for FAA operations, we must take those dollars from other Department of Transportation programs.

The Coast Guard proposal includes $691 million for drug law enforcement and $244 million to construct a new polar icebreaker. The FAA packages include 695 air traffic controllers, 400 aviation inspectors, 120 civilian aviation security personnel. Mr. Chairman, it is difficult to pick and to choose among these most important initiatives.

So, I look forward to hearing today's testimony and discussing some of the decisions that we face. We will need to work closely with Secretary Skinner to develop a fiscal year 1990 funding plan that does not shortchange our Nation's interrelated transportation network. We can meet this challenge if we are willing to make tough choices and scrutinize the entire budget to see where our 1990 priorities lie.

Mr. Chairman, I look forward to working with you and other members of this committee and certainly with Sam Skinner whom I think is the right man for a tough job. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you very much, Senator D'Amato. President Pro Tempore of the Senate, Senator Byrd.

STATEMENT OF HON. ROBERT C. BYRD, U.S. SENATOR FROM WEST VIRGINIA

Mr. BYRD. Mr. Chairman, I congratulate our Secretary of Transportation on his nomination, and I'm satisfied that we will be able to work together congenially and effectively in the interest of the Nation.

I also want to congratulate the chairman for his good work in handling the transportation appropriations bill during the time that I was the majority leader.

And I likewise want to thank and commend the ranking member, Mr. D'Amato, who always was so very helpful and cooperative.

APPALACHIAN HIGHWAY SYSTEM

Mr. Skinner, in your confirmation hearing, you mentioned two items that you intend to focus on as Secretary of Transportation. One is the pressing need to deal with an aging national transportation infrastructure, and the other is the development of a long-range strategy, a national transportation policy, if you will, for developing and maintaining a sound and efficient transportation system which is essential to this country's economic viability.

My State of West Virginia desperately needs better highways. The Appalachian Regional Commission highways were established in 1965 as part of the Appalachian Regional Commission. And yet, they are only two-thirds complete. This leaves about 1,000 miles yet to be constructed. Appalachian Regional Commission highways are absolutely essential for further economic development in West Virginia.

At the current funding level, it is estimated that the ARC highway system will not be complete until the year 2065. That is simply unacceptable. I want to see the ARC system completed around the year 2000. That is why I have asked President Bush—and Senator Rockefeller, my colleague, has joined me in asking President Bush—to have the Transportation Department look into ways to accelerate the completion of the ARC highways. And I want your help and need your help in determining the best way to accomplish that goal.

I want briefly, in the limited time that I have here today, to review the status of the Highway Trust Fund with you and to get your view as to whether or not there is a balance in the Highway Trust Fund. I am told that the Highway Trust Fund is projected to have a cash balance on hand at the end of fiscal year 1989 of $9.8 billion. If so, can that balance be used to accelerate construction of the ARC highway system?

Secretary SKINNER. Senator Byrd, you and I have discussed the ARC system, and I think in your conversations with the President, along with Senator Rockefeller, you indicated to him that you are anxious to work for an additional funding. There is not sufficient funding available to complete the remaining one-third. The completed estimated cost is $7.4 billion in 1987 dollars, and that money will not be available from the Highway Trust Fund.

This, of course, identifies and I think is a linchpin for me to discuss just briefly the need, as you and I have discussed, as I have with Senator Lautenberg and Senator D'Amato, the need for a national transportation policy which identifies our transportation needs beyond the end of the century and into the year 2020 and the year 2050 to find out for sure what our transportation needs are not only in highways, but in air and maritime interests. And once we've identified those issues, identified those needs, both for infrastructure rebuilding, as well as possibly some new extensions in new service, we can then begin to put together a program that will allow that to happen.

So, I applaud your effort to identify one problem which would be identified as part of our national transportation policy and hopefully—and I look forward, in fact, to working together with the Senate and the House in developing not only our plan, but a program to implement that plan. And I would hope that the Appalachian region corridor highway project would play a role in that plan. At this time, however, there are insufficient funds to finish that under the interstate highway program as it exists.

HIGHWAY TRUST FUND COMMITMENTS

Mr. BYRD. I know that there are insufficient funds to finish it at this time, but let me ask you the question specifically again.

I am told that there is projected to be in the Highway Trust Fund a cash balance on hand at the end of fiscal year 1989 of $9.8 billion. Is there such a balance, number one? And if so, can that balance or portions thereof be used to accelerate construction of the ARC highway system?

Secretary SKINNER. The answer is, no, it can't because, Senator, the commitments of the highway account we estimate to be $32.2 billion by the end of fiscal year 1990. That is three times the cash balance. Because of these commitments, the cash balance is really not, in fact, a surplus. And if the highway programs were ended at the close of fiscal year 1990, taxes would need to be collected at current rates well into fiscal year 1992 just to retire our existing commitments.

So, therefore, when we talk about a cash balance, we really must look at what, in fact, are the commitments that must be compared to the cash balance and, in fact, there's a shortfall at the end of fiscal year 1990 where commitments exceed cash balances at about $21.5 billion.

Mr. BYRD. So, you are saying, number one, there is no "surplus" as such; number two, that that which appears to be a surplus is committed——

Secretary SKINNER. That's correct.

Mr. BYRD [continuing]. to expenditures that will have to be paid and for which commitments have already been made.

You have mentioned the gas taxes. It is my understanding that the receipts into the trust fund are authorized to continue for 2 years after the authorization expires to make expenditures out of the fund. Are you saying that the revenues from those gas taxes—which will continue for 2 years beyond the expiration of the interstate highway program—will likewise be fully committed?

Secretary SKINNER. I think what we are saying is that if you will take into consideration the 2-year subsequent collection of tax funds, there may be some room—I say some room—for some additional commitment, but then we would run into some serious Gramm-Rudman-Hollings problems. So, the problem is clearly not dealt with with the legislation as it stands today. And if we're going to make some additional commitments, in the magnitude that you're talking about, we're going to have to find another way to do it rather than using the Highway Trust Fund as it currently exists, especially when you consider the Gramm-Rudman-Hollings issue that exists.

Mr. BYRD. Let me come at it this way. If the current Highway Trust Fund taxes are reauthorized—I understand those revenues currently used for interstate highway construction are in excess of

$3 billion per year—will those revenues be available in future years for expenditure on other projects?

Secretary SKINNER. There would seem to be under that scenario appropriate time and the ARC highway construction needs could be addressed in a reauthorization, along with a lot of other projects. Yes, sir.

Mr. BYRD. And how would they be paid for?

Secretary SKINNER. Well, they would have to be paid for in a reauthorization with additional tax revenues that would be collected in the out-years, just as we have been collecting it now. That assumes a reauthorization of the legislation and a reauthorization of the tax collection and the gas tax, as it is currently being collected, or some different formula.

But the key point that has to be indicated and you have demonstrated quite clearly here, sir, is that we do not have in place a sufficient funding program to deal with our national infrastructure problems beyond fiscal year 1991. And under those circumstances, when the commitments run out, without a reauthorization and a proper program to address those needs, we will be going into fiscal years 1992 and 1993 with no plan to deal with an important asset, our Nation's transportation infrastructure. So, I applaud the leadership you have taken already and I look forward to working with you on this very important issue.

FUTURE HIGHWAY NEEDS

Mr. BYRD. At the time the construction of the interstate highway system is scheduled to be completed, what will be the demands on the remaining funds other than those commitments that have already been made, contracts that have been let and which will have to be paid for when they are finalized? What will be the commitments against those funds, and if the gas tax should be extended—you used the word "additional" gas taxes. I don't know whether you mean, by additional, that the 9 cents gas tax should be extended or that you mean that there should be a higher gas tax, an additional gas tax over and above the 9 cents.

Secretary SKINNER. No; I don't think I said that. [Laughter.]

Mr. BYRD. You did use the word "additional."

Secretary SKINNER. Adjustment would have been the proper word.

I was talking about if the program, as it currently exists, were rolled over at current revenue levels.

And the demands on the program I would indicate, in addition to a number of concerns about gridlock and additional resources throughout this country for roads, we also have a very major bridge problem in this country. I think, Senator, you recognize in your State where there are a number of bridges that I would call senior in age. These bridges need to be addressed. And they are basically one example of problems in many of our States.

And, of course, I would assume that the transit interests of this country would also attempt to make some claim for the infrastructure problems they have in their systems.

So, those are some of the claims that I can think of that might be made in addition to the ARC claims. And I would guess that your counterparts from other States might have a project or two that they feel is as important to their State as you and Senator Rockefeller feel the ARC program is.

Mr. BYRD. I think what you have said, if I may put it in my own words, is that there is no surplus as of this moment against which can be drawn the funding for ARC highways or any other purposes except to meet those commitments that have been made; furthermore, that when the interstate highway program expires, even though the gas taxes will continue for 2 years, there will be requirements and needs and demands made upon those funds at that time to repair bridges, to repair and maintain the interstate highways, et cetera, et cetera.

Now, taking all that for granted—and I understand what you are saying—how can we, therefore, go about funding the completion of the ARC corridors? Could we make ARC highways a separate category of federally authorized highway construction which would have a claim on future Highway Trust Fund receipts?

Secretary SKINNER. Well, clearly the Congress could do that. There is no question that that would be a way to approach it. That is especially true if you assume that there will be some reauthorization beyond fiscal year 1991 because while there is some play up to fiscal year 1991, I don't know that there is as much as would be required. And, of course, that would assume that you would deprioritize or lower in priority some of the traditional interests that have been proposed for gas tax fund usage by previous administrations and previous bills from the Senate and House. But that clearly would be an option, yes, sir.

FUTURE TRUST FUND TAXES

Mr. BYRD. Are you prepared to recommend the continuation of the current Highway Trust Fund taxes beyond the 1993 expiration date in the current authorization bill?

Secretary SKINNER. Senator, I am, first of all, prepared to work with you on the ARC project, as I've indicated to you earlier. Until we have a national transportation policy, I'm not prepared to address what we do beyond the expiration of the highway bill.

I must tell you, as I think I have indicated to some of your colleagues, that I can't believe we run a transportation business of the magnitude we have in this country and we have no strategic plan. Any company in the private sector that attempted to run a business anywhere close to this size without a strategic plan would be out of business in the not too distant future.

So, I reserve my recommendations to the Senate and to the House on this issue until our national transportation policy is developed. Clearly, that policy will identify needs, such as the ARC needs you have discussed, the infrastructure needs that Senator Lautenberg and Senator D'Amato have discussed with me, the mass transit needs, as well as a number of highway interests that have been identified for me by a number of other people throughout the country. Until we have identified those needs, looked at available resources and looked at options for funding those needs, I would not be in a position to recommend any reauthorization, I might add, not only of the highway bill, but of the Aviation Trust Fund bill as well.

Mr. **Byrd**. Mr. Chairman, I know that my time probably has expired. Let me see if I can sum up what I have gathered from the Secretary's responses.

It is as follows: That there is no surplus from which we can expect to secure funding for the further completion of our uncompleted ARC highways; that, as I gather, when the time arrives that the current authorization has expired and at the time the current gasoline taxes have expired, that will be the time and the place to make the effort in the legislative branch to get the ARC highways included in the future programs and plans, as I also gathered from what the Secretary had said.

The ARC States being only 13 in number, there will be 37 other States that will likewise have proposals and suggestions, and that we will have to continue to improve, to maintain, to rehabilitate our interstate highways, bridges, other roads, and mass transit, and that we might make the ARC highways a separate category of federally authorized highway construction at that time which would have a claim then on future Highway Trust Fund receipts. That is an approach.

And so, as we mold the future national transportation policy and future implementing legislation and provide for future funding through taxes, that will be the time and the place to consider all of the needs and demands at that point.

Secretary **Skinner**. A very, very articulate statement and summary of what I believe we've—the conclusions we've reached here today.

Mr. **Byrd**. You are very diplomatic.

Secretary **Skinner**. It's true. I couldn't have said it that well.

Mr. **Byrd**. Thank you, Mr. Secretary. Thank you, Mr. Chairman.

Senator **Lautenberg**. Thank you very much, Senator Byrd.

Our other colleagues have arrived. Senator Sasser, a new member of this subcommittee, and Senator Domenici, also a new member, I welcomed you before you arrived, so we won't do that again.

And I would invite Mr. Skinner now to present any remarks that he would like to make, that is, provided my colleagues waive any opportunities to make opening statements.

STATEMENT OF HON. JIM SASSER, U.S. SENATOR FROM TENNESSEE

Senator **Sasser**. Mr. Chairman, I have a short opening statement which I would like to have included in the record as if read.

Senator **Lautenberg**. Without objection.

[The statement follows:]

Statement of Senator Sasser

Mr. Chairman, I am pleased to have the opportunity to welcome Secretary Skinner before the subcommittee this morning. I also want to congratulate you, Secretary Skinner, on your appointment and to wish you well in the difficult job you have ahead.

As you know, Mr. Chairman, this is my first hearing as a member of this subcommittee. I want you to know how pleased I am to have the opportunity to serve with you and the other distinguished members of the subcommittee. I look forward to working with you to ensure that our Nation's transportation system is second to none.

Secretary Skinner, as chairman of the Senate Budget Committee, I have been looking closely at the President's budget proposals. As you are no doubt aware, I have been critical of the President's approach. He is eager to tell us where he wants to spend money, but he does not specify where he believes necessary cuts should be made. The programs to be cut have fallen into the now famous "black box."

Mr. Secretary, I note that the transportation budget you've come here today to discuss has its share of programs in the "black box." The President proposes to increase spending for the FAA and the Coast Guard to achieve the laudable goals of airline safety and drug enforcement, but he doesn't tell us his priorities for spending cuts.

I have expressed my appreciation of the President's conciliatory tone and his willingness to negotiate, but our deliberations will be much more fruitful if the administration shows some leadership in setting forth its priorities. Mr. Secretary, I hope that you can enlighten us. I hope that you will be willing to give us some notion of the President's priorities in these other transportation programs.

I hope that we can also explore your views on important transportation issues like airline deregulation. I know that you are a strong proponent of deregulation, but I and many other Members of Congress are concerned about some of its unintended effects, such as decreased safety and monopoly abuse. I am also concerned about the proliferation of airport "hubs" and the effect that has on competition. I hope that you will have an open mind in examining these issues as Transportation Secretary.

Again, Secretary Skinner, congratulations on your appointment. I look forward to working with you in this subcommittee in the months and years ahead.

Senator LAUTENBERG. Senator Domenici, Senator Kasten, is that all right with you?

Senator DOMENICI. Sure, indeed.

Senator KASTEN. Yes.

Senator LAUTENBERG. All right. We thank Senator Byrd for his participation, and now invite you, Mr. Skinner, to make your remarks.

STATEMENT OF SECRETARY SKINNER

Secretary SKINNER. Thank you, Mr. Chairman, Senators, Senator Byrd.

I, first of all, want to reiterate what you said, Mr. Chairman. William FitzGerald, who sits at my left, your right, is retiring from Federal service Friday after 44½ years of Government service. He joined the U.S. Coast Guard 44½ years ago at the Academy, graduated from the Academy and served with distinction. And after his career ended in the Coast Guard, he moved to the Department of Transportation and served as the senior professional adviser to probably all Secretaries of Transportation. At least he has been an adviser to many.

And he graciously agreed to stay on for a period of time beyond his scheduled retirement to make sure that the new Secretary got through his budget and confirmation hearings. For that I am extremely grateful. I have, however, lost my fight to keep him any longer to his wife. She won, and properly so.

So, Bill, on behalf of the staff and the President, I want to thank you for 44½ years of outstanding service to your country.

Senator LAUTENBERG. I congratulated Mr. FitzGerald before as well. I will be putting, Bill, a statement in the record today. We will miss your distinguished service.

And let it not be suggested that the Secretary has passed all his hurdles. You may reconsider in the future.

Mr. FITZGERALD. Thank you very much.

[Applause.]

Secretary **Skinner**. He begged me not to do that, but I did it anyway. [Laughter.]

He has left also, I might add, a very fine staff behind. So, he has left a legacy behind him that will continue.

Mr. Chairman, it is a sincere pleasure to be with you and your fellow committee members today.

Two weeks ago, President Bush outlined his budget priorities for fiscal year 1990. He reiterated his commitment that this administration will work with Congress to come up with a budget that meets national needs and is also responsible to the taxpayers.

He also identified several transportation issues as being among his national priorities. For example, additional funding is proposed to ensure continued safety in aviation and to enhance the Department's role in the administration's drug enforcement efforts.

The President's proposal to reach a balanced budget is based on a flexible freeze. Such an approach would keep overall spending relatively constant, yet allow funding adjustments to specific programs within that framework. The Reagan budget proposals for transportation programs offer one approach to the flexible freeze. Of course, changes in specific program funding will only come as a result of a cooperative effort and deliberation involving both the administration and the Congress.

I am here to tell you today that I intend to listen to your concerns and I will work with you to put together a workable and responsible transportation budget. In my view, there should be no higher priority in the transportation budget than safety and enforcement. This is especially true of the Coast Guard and the Federal Aviation Administration and, in general, such a budget must reflect an appropriate level of national interest for such things as mass transit and rail passenger service. However, we believe funding for programs serving narrow, parochial interests, as opposed to national interests, should be significantly reduced or even eliminated.

My goal as Secretary is to make transportation more efficient, less expensive and, above all, safe for the American consumer. A sound, efficient transportation system is essential to this country's economic vitality and to our national defense. Accomplishing that will require appropriate Federal funding, additional economic deregulation, less government interference and a much better public-private cooperation.

As I have indicated here today, I believe that the development of a long-range strategy, a national transportation policy, will enable us to better set future priorities. No one would run a $24 billion a year business without a strategic plan, and I don't think we should run an agency of this size and this scope without one either.

Having said that, I believe the previous administration's proposed transportation budget offers a good starting point for our deliberations. That budget asks the committee to approve $24.3 billion in appropriations and obligation limitations for the Department. It includes significant increases in aviation, drug law enforcement, safety programs, and other areas.

For the FAA, increases in both operations and capital programs are vital if we are to keep on schedule with our National Aviation

System plan. We must also keep up with the demand for increased capacity, as well as provide the staff and training needed to maintain the system's outstanding aviation safety record. And as I recently emphasized at the special session of the International Civil Aviation Organization in Montreal, we must provide all the resources we can to combat terrorism in the skies.

The requested increase in Coast Guard funding is driven by the administration's priority funding increase to support drug interdiction responsibilities, as well as the need to maintain, renovate and replace facilities and equipment, including the investment in a new polar icebreaker.

I have just returned from several days of observing Coast Guard drug interdiction efforts in south Florida. The men and women of the Coast Guard have an extremely difficult mission, and they deserve our support.

As I also mentioned, maintaining safety in all transportation modes is a top priority at the Department. We are, therefore, asking for more inspectors for motor carrier, rail and hazardous materials safety programs to strengthen the Department's enforcement efforts.

Finally, we are proposing deficit-neutral spending for highway and transit programs. Under this formula obligations would not exceed highway user fees collected during the fiscal year 1987 to 1991 authorization period.

At this time, I am more than happy to answer any questions that you might have, and I ask that my detailed statement be incorporated as part of the record.

PREPARED STATEMENT

Senator LAUTENBERG. Without objection, Mr. Secretary, your full statement will be in the record.

[The statement follows:]

STATEMENT OF SAMUEL K. SKINNER

Mr. Chairman, it's a pleasure to be here with you today.

On February 9, 1989, President Bush outlined his budget initiatives for fiscal year 1990 and made clear his commitment that Congress and the Administration work together to produce a realistic budget—one that is responsive to this Nation's priorities while still meeting the Gramm-Rudman-Hollings deficit reduction target. Several of the priorities identified by the President include transportation issues. In particular, additional funding is proposed to ensure excellence and safety in aviation and to enhance the Department's role in the Administration's drug enforcement initiatives.

The President's proposal to reach fiscal balance is premised on a flexible freeze. That is, except for selected new initiatives funded by revenue increases, the 1990 spending level would be, in total, neither higher nor lower than the current year. Within this level some programs would increase while others would decrease. One approach to accomplish the flexible freeze in transportation programs would be the Reagan Budget proposals for these programs. Final decisions, however, about whether to increase or decrease specific programs are to be determined through deliberations and negotiations involving the Administration and Congress.

I am here to tell you that I intend to listen to and work with Congress beginning with this Committee—to help shape a workable, responsible transportation budget. In my view, such a budget will provide sufficient funding for the critical safety and enforcement programs of the Department, especially for the Federal Aviation Administration and the Coast Guard; will recognize an appropriate level of national interest in mass transit and national rail passenger service; and will attempt to reduce funding in this time of tight budgets for projects with narrow, special, rather than national, interests.

In time, it is my hope that the development of a national transportation policy, which is one of my top priorities, will provide a strategic framework not only for identifying needs, but for allocating resources, and understanding and promoting a competitive, deregulated economic environment. An important outcome of that process will enable us to help states and localities plan for future operating and capital requirements. It is in our mutual interest that the needs of the future do not catch us by surprise.

As I said in my confirmation testimony, my goal is to make travel safer, more efficient, and less expensive for the American consumer. I also believe that a sound, efficient transportation system is critical to strengthening the economic competitiveness of the United States. Accomplishing these objectives requires sufficient and appropriate funding of Federal responsibilities, as well as more economic deregulation, less government interference and greater public-private cooperation in construction, operation and research activities.

On the whole, the previous Administration's fiscal year 1990 budget request for transportation offers a good starting point for deliberations. That budget proposal requests this Committee to approve $24.3 billion in appropriations and obligation limitations for the Department. There are a number of areas of significant increases, including aviation, drug law enforcement and safety programs.

In line with President Bush's priorities, we are proposing major increases for the Federal Aviation Administration (FAA) and the Coast Guard. For FAA, the increases in both operations and capital programs are needed to keep pace with requirements for increased system capacity and to provide the necessary staff and training to assure aviation safety. The priority funding increase proposed for Coast Guard is to support its drug interdiction responsibilities.

In addition to these Presidential priorities, we are requesting increased funding for the ongoing capital costs needed to maintain, renovate and replace Coast Guard facilities and equipment, and to replace a polar icebreaker. That, of course, is all in addition to the Coast Guard's traditional roles and responsibilities which have increased substantially swell. We are also requesting additional inspectors for motor carrier, rail, and hazardous materials safety programs to strengthen the Department's safety enforcement presence in those areas. Finally, the budget proposes deficit-neutral spending levels for highway and transit programs. so that obligations would not exceed the level of highway user fees collected during the fiscal year 1987-91 authorization period.

Let me now talk more specifically about the individual programs and funding levels proposed.

FEDERAL AVIATION ADMINISTRATION

We are proposing a budget of $7.393 billion (including the Airport Grant obligation limitation) for the Federal Aviation Administration (FAA). This is a 16 percent, $1 billion increase over the fiscal year 1989 enacted level. The budget addresses this Administration's three top priorities for civil aviation: continued safe, secure and efficient operation of the aviation system; movement toward the scheduled completion of the National Airspace System (NAS) plan; and development of additional airport capacity.

For Operations, the budget totals $3.923 billion, an increase of $478 million over the fiscal year 1989 enacted level. We are requesting funds for the addition of 695 air traffic controllers (for a total of 17,495), 400 aviation inspectors and support personnel, and 120 civil aviation security personnel. This reflects not only our strong concern about safety. but also the need to accommodate a projected 3.5 percent increase in air traffic in fiscal year 1990. Funds are also requested for initiatives we are beginning this year to overhaul and modernize the air traffic training program in order to speed recruitment and training as well as improve proficiency. Staffing increases alone will not ensure effective operations. Similarly. we will continue a pay demonstration program at hard-to-staff facilities, which is scheduled to begin later this year. to determine whether a salary bonus would improve hiring and retention of safety-related personnel. primarily air traffic controllers, at these locations.

The request for Facilities and Equipment is $1.955 billion, an increase of $571 million over fiscal year 1989 to fund planned procurements and installations for modernizing the air traffic control system. NAS plan projects planned for fiscal year 1990 include purchase of additional terminal doppler weather radars to protect against wind shear, long range radar improvements. and continued work on the Advanced Automation System contract. While I stress the importance of providing sufficient funding to keep completion of the NAS plan on track, I am equally concerned that our cost estimates are valid. To that end, funds are included to support an independent evaluation of the NAS plan management. The budget also includes equipment to increase airport capacity at Denver, Dallas/Ft. Worth and Los Angeles.

The $1.35 billion program level for airport improvement grants emphasizes capacity development and safety projects. Generally, the nation's largest airports have the means to finance much of their own development work, and States and local communities also finance a portion of their airport capital needs. However, in recognition of the growing concern for airport system capacity, the budget would encourage capacity and safety improvements by proposing that a minimum of $250 million be distributed on a discretionary basis for such projects, compared to $115 million that would otherwise be available at the $1.35 billion grant level.

Our research program totals $165 million and continues research priorities dealing with airport capacity improvements, aging aircraft, and security, including bomb detection.

About 71 percent of our total request for the FAA would be financed from the Airport and Airway Trust Fund, compared to 53 percent in fiscal year 1989. This includes our proposal that $1.75 billion—an amount equal to the cost of operating the air traffic control system, primarily the costs of air traffic controllers and flight service station specialists who provide critical services to users of the aviation system—be funded from the trust fund.

U.S. COAST GUARD

We are proposing a $3.46 billion budget for the Coast Guard, a 12 percent, $365 million increase over the fiscal year 1989 enacted level including Defense funds. Our request funds Coast Guard activities entirely in the transportation budget. I strongly urge that Congress follow this approach and end its practice of partially funding Coast Guard requirements in the Defense budget. In both operations and capital programs, this budget increases funds for the Coast Guard's traditional missions, such as search and rescue and maritime law enforcement, while emphasizing the Coast Guard's increasingly vital role in drug interdiction.

The Coast Guard plays an important role in the drug enforcement initiative that President Bush announced on February 9. In support of that initiative, we are submitting a budget amendment for $10 million to increase the level of Coast Guard's drug enforcement operations. Approximately $691 million of our proposed Coast Guard budget is earmarked for drug law enforcement,including the above amendment plus annualization of the $16 million provided in fiscal year 1989 for enhanced drug interdiction operations.

The request of $682 million for capital improvements includes $244 million to construct a polar icebreaker which is needed to carry out defense and scientific missions and international treaty obligations. All but two of the Coast Guard's polar icebreakers have been decommissioned because of their age and high maintenance and operating costs. Funds are also required for continued vessel and aircraft acquisition, replacement and rehabilitation as well as for shore facilities and navigation aids improvements.

To help offset the cost of Coast Guard services which benefit specific users, we are proposing legislation to implement a system of user fees estimated to generate about $180 million in fiscal year 1990. The centerpiece of this proposal is a $25 decal issued annually to all boaters with documented and numbered vessels who operate in U.S. waters and, hence, benefit from Coast Guard services.

FEDERAL HIGHWAY ADMINISTRATION

For Federal-Aid Highways, we are proposing an obligation limitation of $11.31 billion, which, with exemptions, brings the total program to $12.4 billion. Together with other programs funded by the Highway Trust Fund, this level is based on the principle that obligations for highway programs equal total revenue from highway taxes generated during the fiscal year 1987-1991 authorization period. Like the President, I believe that wise allocation of highway trust fund revenues is essential to addressing the nation's highway infrastructure requirements. At the same time, we must structure spending in a way that is consistent with our mutual goal of reducing the budget deficit.

We are also requesting $102 million for three highway safety programs. Our motor carrier safety program includes $60 million for grants to States and $32 million for Motor Carrier Safety enforcement activities, including an additional 150 inspectors to keep pace with the motor carrier inspection workload. Highway Related Safety Grants are continued at the fiscal year 1989 level of $10 million.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

For the National Highway Traffic Safety Administration, the budget requests a funding level of $235.2 million, a five percent, $10.6 million increase over the fiscal year 1989 level. Appropriations of $106.7 million for Operations and Research will support safety and regulatory activities, including $9 million for programs to combat drugged-driving as authorized in the Anti-Drug Abuse Act of 1988.

The $128.5 million requested obligation limitation for Grants includes $115 million for Highway Safety Grants and $13.5 million for Alcohol Incentive Grants.

FEDERAL RAILROAD ADMINISTRATION

The budget requests $61.4 million for the Federal Railroad Administration. About half of the request, $30.3 million, supports Railroad Safety. including an additional 34 safety inspectors (for a total of 361) and six support positions to carry out the regulations mandated by the Rail Safety Improvement Act of 1988 and new hazardous materials responsibilities.

While this budget requests no funds in fiscal year 1990 for Amtrak, the Northeast Corridor Improvement Program, or other rail subsidy programs, our goal, in fact, is to build a strong rail passenger system that is self-sufficient for the long term. Amtrak has made outstanding progress over the last 8 years in reducing costs and increasing revenues. In 1988, an estimated 69 cents of every dollar of operating cost was covered by revenue, compared to only 48 cents in 1981. I believe there is an additional potential for Amtrak to improve its operating ratio.

Continued improvement requires that Amtrak become more efficient and have the equipment and infrastructure to provide comfortable, safe service. However, given budget constraints, we will need to look to both public and private sectors for financing. I believe we have some flexibility in how we approach this mutual goal, and I assure you that I want to work with Congress in determining a realistic, long range plan to address Amtrak's operating and capital requirements.

URBAN MASS TRANSPORTATION ADMINISTRATION

We also need to rethink the current Federal role in financing mass transit programs. On one hand, the approach of the last Administration, to limit Federal funding to the proceeds of the penny of the fuel tax allocated to transit—$1.5 billion—has proven to be unacceptable to the Congress. Yet, continuing the status quo perpetuates the Discretionary Grant program which distributes the motor tax proceeds inequitably; about 40 percent of the funds go to 12 cities to build new transit systems that, in most cases, completely fail to meet cost-effectiveness criteria, are over budget, and attract few new transit riders. Absent the 75 percent Federal funding provided in discretionary grants, local governments would be encouraged to plan more viable projects and pursue more creative financing, including private support. Similarly. continuing operating assistance at current levels provides no incentive for more efficient operation. I look forward to working with you on a solution that not only meets the national commitments we share, but which allows us to examine incentives for better planning. management and financing of transit services at the local level.

With regard to the Washington Metropolitan Area Transit Authority. the budget includes $42 million. This level is consistent with the full funding contract for the 89.5-mile system and provides funding for construction management and start-up costs.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Under current law, the budget proposes $11.8 million in appropriations for operations and maintenance of the Seaway. Legislation has been proposed to fund the entire operation from toll revenues, and I am in favor of that approach. Major initiatives planned for fiscal year 1990 include repowering and upgrading the Corporation's tug and monitoring the safety of the Eisenhower and Snell Locks.

OFFICE OF INSPECTOR GENERAL

The appropriations request for the Office of the Inspector General totals $32.5 million to support audit and investigation activities, about $3.5 million over the

1989 enacted level, including an additional $1.5 million to pay for services provided by the Defense Contract Audit Agency.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

We are requesting $27.4 million for the Research and Special Programs Administration in fiscal year 1990, an increase of $3.3 million, including $17.5 million for Research and Special Programs and $9.8 million for Pipeline Safety. The budget includes four new hazardous materials inspectors, for a total of 17, to expand our enforcement efforts regarding the transportation of hazardous materials. We also propose a slight increase to $4.5 million, in grants to states for pipeline safety inspections. Pipeline safety functions, including grants, are fully offset by user fees.

OFFICE OF THE SECRETARY

Appropriations totaling $70.8 million are requested for the Office of the Secretary in fiscal year 1990. The budget proposes staffing at about the fiscal year 1989 enacted level (as reduced to accommodate unbudgeted pay costs), accelerates completion of the departmental accounting system, and provides for increased activities of the Office of Commercial Space Transportation and the DOT Office of Safety Program Review. Although the budget proposes to terminate the Essential Air Service (EAS) program. we recognize the support for this program, as evidenced by the strong Congressional response to the Department's proposal for service cutbacks necessitated by the 1989 Appropriations Act. I have already committed to a number of Congressional leaders my willingness to work with them in solving this problem.

We are also proposing to repeal the spending cap on advisory committees. Advisory committees provide an important perspective on the issues facing the Department. However, the cap has caused significant constraints on the Department's ability to comply with statutorily authorized advisory committees—several of which have been enacted since the cap was imposed. I want to work with you to find a way to give DOT more flexibility while still being attuned to your concerns about the level of spending on advisory committees.

SUPPLEMENTALS

The Department's budget request also includes a $40.7 million supplemental for the FAA to cover unbudgeted costs in Operations. including health benefits, drug enforcement activities, new training initiatives, and the pay demonstration project. We propose to offset the budget impact of the supplemental by transferring budget authority from 19 highway demonstration projects and by reducing the share of transit formula grants available for operating assistance to help cover the outlay impact.

We will also submit a fiscal year 1989 supplemental of $10 million, with offsets, for the Local Rail Service Assistance program, once the authorizing legislation for the program is enacted.

CLOSING REMARKS

As I said at the outset, my goal is to make travel safer, more efficient and less expensive. At the same time, the Department must do its part to help reduce the deficit. I believe that both of these goals are in our mutual interest and within our grasp, and I look forward to a good working relationship with you as we together seek their accomplishment.

This concludes my prepared statement. I would be glad to respond to the Committee's questions.

GENERAL QUESTIONS

Senator LAUTENBERG. Since we have almost the full committee membership here today, what I would like to do is limit the time for each of us. And we will, time permitting, go around a second time. Of course, we will accept written questions, which we will submit to you, Mr. Secretary, and would ask for as prompt a response to these questions as you can give us.

FLEXIBLE FREEZE CONCEPT

I'm not for the moment going to discuss the funding allocations. Obviously, I'm concerned, and expressed that in my initial remarks, about the priorities. One can't disagree with the emphasis on the Coast Guard, its responsibilities of drug interdiction, and aviation safety, controllers, maintenance inspectors, et cetera. These are priorities that deserve to be met. But we can't do it, as you heard from Senator Byrd, at the expense of other programs that many of us see as very important.

I noted in your remarks you said that we cannot afford to support parochial interests at the expense of the national interests. I want you to know that there is no one on this committee, Mr. Secretary, who has parochial interests. We only have national interests. They just happen to be localized. [Laughter.]

Mr. Secretary, I wanted to just air for the record the notion of flexible freeze and to ask you how it applies to the change in funding requests for this year. Flexible freeze reminds me of something that used to be around when I was a child called a Flexible Flyer, if you know what that is. It was a sled that took you down the hill very, very fast, never with brakes. So, can you just describe what a flexible freeze means when it is expressed in terms of a direct cut for the Department's funding?

Secretary **Skinner**. Well, the flexible freeze concept as proposed—and, first of all, I think the flexible freeze is a realistic way to address this year's budget problems, and not a program to go downhill without control.

As it relates to the discretionary outlays for the Department of Transportation, the flexible freeze is important because it identifies as priority matters two particularly important programs, additional funding for the FAA and for the Coast Guard.

The Reagan budget for discretionary outlays was approximately $8.7 billion. If you consider the Bush flexible freeze concept with additional priorities for FAA and Coast Guard drug interdiction, you would come to a number of about $9.5 billion. Current services at the budget levels of 1989, plus inflation, is about $10.1 billion. And the Reagan budget, together with a partial restoration of Amtrak, transit, highways, and essential air service is $10.1 billion.

So, those are the numbers and the parameters under which we operate. The President has asked the Congress to give top priority to two transportation initiatives, those of FAA and Coast Guard.

Senator **Lautenberg**. Mr. Secretary, the difference, of course, in the spending rate is significant. In the Coast Guard and the FAA, we are talking about programs that spend out almost immediately. And that affects the overall budget commitment. In the highway programs, they spend out at a much slower rate.

So, we will again express our disagreement with the funding level, and I'm sure we're going to be talking about this as time goes on.

AVIATION SECURITY IMPROVEMENTS

I would like to ask now about aviation security. You have just returned from the Montreal meeting, and I wanted to ask you what you think came out of that session. Are we in a position now to believe that our security interests are better served? What improvements can we expect as a result of these meetings?

Secretary SKINNER. Well, first of all, I think the important message that one has to get out of the ICAO meeting is the fact that 33 nations throughout the world met and adopted unanimously a program that will allow those organizations and the ICAO organization to review its current international treaties as they relate to security and make improvements in a number of areas and report back to the committee by early June.

It was a unanimous approval. At least nine transport ministers, the senior transportation official in nine different governments, attended.

And there is a total commitment to improve security. The question is now how do we get there. What do we do in the short range and what do we do in the long range? What we do in the long range will be determined by the ICAO negotiations that will be ongoing between now and the beginning of summer.

In the meantime, the Federal Aviation Administration has done several things. No. 1, it has adopted strong warranted security requirements for a number of carriers coming into the United States. No. 2, it has asked a number of other foreign-flag carriers to present their security plans for review by the FAA. And the FAA is training the security personnel of various governments around the world on the latest techniques in airport security.

All of that should mean significant progress but, as you know I'm sure because of your work in this area, terrorism cannot be stopped. It can be deterred. It has to be stopped at the source. And hopefully, these efforts will deter terrorism and enhance safety for the American and foreign flying public as they come to and from this country.

FOREIGN VERSUS DOMESTIC SECURITY

Senator LAUTENBERG. You and I share a mutual interest in aviation, both from the cockpit and the cabin. And I would ask you this because there is so much concern from travelers. It is costing airlines revenues that they need to continue to develop and use for additional equipment.

Do you have a view on the relative preparedness concerning security measures between foreign carriers and American carriers? We discussed this the other day, and it is believed in some quarters, or at least it is assumed in some quarters, that foreign carriers are more aggressive about protecting their passengers than American carriers. Mr. Skinner, would you want to comment on that?

Secretary SKINNER. Well, first of all, I have met with nine airline heads, including one from Europe, one from the Orient, and at least seven from this country. In each one of those discussions—those were basically one-on-one discussions—and we discussed security.

I am convinced that the American-flag carriers are very dedicated to improving security on international flights. They each have their own program, and they each share a pride in that program with their employees. TWA will tell you theirs is the best. El Al will tell you theirs is the best. Pan Am will tell you theirs is the best.

There are different ways to approach security, and there are slight adaptations that each of the airlines has made. I think that as the FAA reviews these programs, we find merit in a lot of these programs and in a lot of the things that are being done.

And frankly, I believe that with the increased emphasis by the FAA, as well as the commitment in dollars and personnel by the American-flag carriers, they are safest flag carriers in the world. And they are comparable in my opinion to the security that is provided on such airlines as El Al who for years has done, as you know, a first-class job in that area. And that includes very, very significant programs in the area of baggage-passenger reconciliation, profile passenger interrogation and processing, security of cargo in passenger areas, as well as training of personnel and security of personnel.

Senator **Lautenberg**. Thank you. I share your view. I wanted it to be clearly on the record.

I too met with the CEO's of many airlines, including foreign-flag carriers. And I heard expressions from a chief executive of a major foreign carrier, one with an excellent reputation, that he thought that the Americans did as good a job as anyone in deterrence of terrorist activity.

Mr. Skinner, since my time is just about up, I would ask for a short answer on the quality of security at domestic airports and foreign airports. Do you have a perspective on that you would like to share with us?

Secretary **Skinner**. Well, first of all, when ICAO met and adopted guidelines, they adopted guidelines initially for hijacking. We have put a stop or deterred significantly the rate of hijacking in this country.

Security on domestic flights is primarily geared toward hijacking, and it is very effective. Security on flights to Europe and to Asia and to South America has increased significantly and I have traveled abroad recently. I have found that the American-flag carriers especially did just as good a job in Europe as they did in the United States on those international flights.

Senator **Lautenberg**. Thank you very much.

Senator D'Amato.

EXPLOSIVE DETECTION MEASURES

Senator **D'Amato**. Thank you, Mr. Chairman.

Mr. Secretary, I would note that in the last 10 years there have been some 21 explosions aboard civil airlines from 14 different countries. These 21 explosions have resulted in 867 deaths.

Plastic explosives pose a grave threat to aviation security. Recent reports indicate that plastic explosives hidden in a radio cassette player caused the explosion of the Pan Am 103 on December 21, 1988, and that resulted in the death of 270 people. In 1986, plastic explosives planted under a TWA seat killed four passengers.

This year the FAA will install some five thermal neutron analysis machines—TNA they are called—capable of detecting plastic bombs at airports. Why has the FAA requested no money for any

TNA machines in fiscal year 1990, and what will the FAA rely on to detect plastic explosives in place of these machines?

Secretary SKINNER. Well, first of all, the FAA, Senator, is on the cutting edge of technology not only in TNA but in vapor detection. In some cases, the productivity of the companies providing these devices is basically full out until 1991 and 1992. A prototype vapor detector was tested in Boston in 1988. We plan to procure 30 systems of this type of vapor detection for a demonstration program in 1991. We believe this offers a very, very effective technique for screening for explosives.

But frankly, the real answer, as we learned from our conference, is a very thorough reconciliation of baggage and passengers and a very thorough profiling of passengers with cassettes and tape recorders, at the time they check in and at the time they board the airplane—in combination with vapor and TNA devices.

Senator DOMENICI. Senator D'Amato, would you just yield for a clarification?

Senator D'AMATO. Sure.

Senator DOMENICI. What does the word "reconciliation" mean as you use it? We have a meaning for that word in Congress, I think we should clarify your use of the word

Secretary SKINNER. That's like defining parochial. I think we would each have a little different definition.

The important thing is that if a passenger boards an airplane, you want to make sure that every bag that goes on that airplane is assigned to and accounted for by a passenger that is on that airplane. Senator Domenici, there is some indication that the baggage that exploded on Pan Am 103 was loaded in Frankfurt and transferred in London, and the passenger got off the airplane in London leaving his baggage behind. El Al puts the passenger on the tarmac with the baggage and they say identify your baggage. You get on the airplane. The bag goes in the hold, and if there is any bag left, they don't put it on.

And, number two, if in fact the passenger checks his baggage at the gate or at the ticket counter, it is automatically computerized and reconciled. So, when that baggage goes in the hold, if that passenger with that bag doesn't board the airplane, even though he went to the ticket counter, they actually go in and pull that bag off the airplane. That is positive baggage-passenger reconciliation. I don't know whether you do that on the Hill or not. [Laughter.]

Senator DOMENICI. We try very hard with ours to get rid of excess baggage, but sometimes we add it on the other end. [Laughter.]

In any event, I just wanted to observe that it seems obvious that baggage reconciliation needs to be done.

Secretary SKINNER. Clearly, Senator, you are right. You would think that would be an obvious thing, but it doesn't happen in many airlines in the world until recently. And the FAA is in the forefront of promoting and pushing that program.

Senator DOMENICI. On the other hand—and then I will wait for my turn—baggage reconciliation won't take care of the fanatic who thinks it's the will of God that they die on that airplane.

Secretary SKINNER. No.

Senator **Domenici**. I mean, they will be there with their baggage, right? So, reconciliation won't solve that problem.

Secretary **Skinner**. Profiling and vapor detection and TNA will help solve that problem.

Senator **Domenici**. Thank you.

PUBLIC NOTICE OF THREATS

Senator **D'Amato**. Mr. Secretary, let me touch on two other matters. One is not very controversial and the other probably is pretty controversial.

As you know, in the devastating Pan Am 103 disaster where 270 people lost their lives, there were a number of students who came from Syracuse University, I think some 35 of them, who were on that ill-fated plane. I have had occasion to speak to a number of their families. You can imagine the deep distress with the loss of any child.

But there seems to be a very nagging and a very persistent question that they put forth to me, to my staff, and to others as it relates to what the obligation should be in notifying those who will take a plane of an impending threat. And, of course, this issue was exacerbated and given more meaning when in this case certain U.S. Embassy officials, at the very least, were notified of the threat so that they could make a decision as to whether or not to use that plane.

The question comes down to what right should the public have to information relating to what we would call bona fide threats, not just the crank calls, but some threats that obviously have at least enough merit to be brought to the attention of Government officials so that they can make a determination.

This is going to have to be a question that we will address. It certainly is a question that this committee faces—and I thank the chairman for agreeing to my request to conduct a hearing in March in regard to this matter. And I also would share with you that I am presently drafting legislation concerning public disclosure of credible threats. I certainly would look for your input in regard to this legislation.

This is a nagging question and just as recently as this past Sunday, a large number of relatives and friends of those who lost their lives on that Pan Am flight met in New Jersey to discuss this. And, they intend to pursue it. I think it's a legitimate question as to when do we inform the public, how do we go about disclosing the information, and doesn't the public have a right to know, particularly if others within the Government are informed.

Secretary **Skinner**. Let me say that while I was out of the city, my staff met with their relatives. Senior officials in my Department met at my request and their request with the families of many of the passengers on Pan Am Flight 103. There is nothing that is more tragic than those people who have lost their loved ones.

There should be no double standard. There should be one standard on advisories. The problem, as you have identified it, is complex because if we stop and advise the public with every threat that is received, those making threats could destroy airline traffic in the world.

The policy is to have a location to analyze the threat, to advise, where appropriate, the airline involved so that they may take appropriate actions and that they and the FAA can assess the threat together, and if the threat is of a significant enough nature, then the proper public advisories be taken simultaneously with the advisories to Government employees. And that has been the responsibility of the State Department as it relates to travel advisories, and I see no reason to change that.

There is to be no double standard. And the problem is to have a program in place to assess every threat and to properly assess threats so those that are real threats can be dealt with and we don't destroy air travel based upon crank threats.

Senator D'AMATO. Mr. Secretary, let me suggest to you that I think that you've gone a long way in just this brief time in setting the record and giving a very appropriate answer that there should be no double standard. And, obviously, the issue then is the method of threat assessment. Certainly, I think that is the case. We would certainly look forward to your participation at the future hearing where we will discuss these issues in some more detail.

ALTERNATE FUELS FOR TRANSIT

I did promise you, Mr. Secretary, that there would be a question that is not very controversial. Given EPA's 1991 deadline for the transit industry to meet tough emission standards, I would hope that you would play a very instrumental role in encouraging the alternative fuels program which we funded for last year with some $47 million. I think it is long overdue. I think it is the kind of thing that we have to push our transit properties throughout this Nation to become involved in. We're going to have a very difficult time in our major urban centers meeting these EPA standards. I don't think we're going to be able to, but certainly this can be a very useful catalyst. And I look forward to your cooperation in this area.

Secretary SKINNER. That isn't very controversial. I come from a State where we are very big on alternative fuels. And the President, in his campaign throughout my State and others, made a pledge to do exactly that. So, I look forward to working with you on that.

Senator LAUTENBERG. Thank you, Senator D'Amato.

Senator Sasser.

BUSH ADMINISTRATION BUDGET CHANGES

Senator SASSER. Thank you very much, Mr. Chairman. I want to join the chairman and others in welcoming you before the committee this morning, Mr. Secretary. It is a pleasure to have you here, and I look forward to working with you over the next 4 years I think very, very productively. I think you are going to be a breath of fresh air for some of us in some of these issues that we have been concerned about for so very long.

I am pleased to be on the subcommittee, Mr. Chairman, I have served for 13 years on the Appropriations Committee, but this is my first year to serve on the Transportation Subcommittee, and I am looking forward to serving with you on this committee under your leadership.

Mr. Secretary, I note that in the Transportation Committee budget submitted by the Reagan administration, there is a cut of $1.6 billion for urban mass transit, a decrease of over $600 million for Amtrak and a cut of about $1 billion for our highway programs. Are you in a position to tell the committee this morning what the attitude of the Bush administration is with regard to these cuts?

Secretary **Skinner**. Well, the original Reagan budget zeroed out discretionary and Amtrak funding. The Bush proposal on the flexible freeze seems to indicate to me a recognition that there is significant support on the Hill for Amtrak and UMTA funding at levels different than zero.

And clearly, as I indicated the other day, I would assume this is an area of discussion where the committees start out at the current levels, the administration starts out at zero and we begin to negotiate to a point that makes some sense. I think that is an indication that I would like to proceed on. I can read lips on the Hill just as well as I can read them in the White House, and the Hill has indicated for several years now that mass transit and Amtrak are national priorities that they want dealt with properly. So, I am willing to discuss that.

And I'm optimistic I can convince the OMB that, as they begin their discussions, which they have said they want to do in a kinder and gentler Nation, they ought to explore those discussions as well. And I pledge to the chairman, I might add, and the ranking minority member, to carry that message back.

Senator **Sasser**. Well, I think you will find numerous allies here on the Hill in that regard, and I think you will find numerous allies on this subcommittee.

I don't mean to be argumentative, Mr. Secretary, but the bottom line is that the Secretary of Transportation appears before us this morning, and you at this juncture don't know precisely what the administration proposes with regard to these very important programs, do you?

Secretary **Skinner**. Well, I think——

Senator **Sasser**. It's a matter for negotiation.

Secretary **Skinner**. Yes; I would say that we recognize that there is strong support. I think they recognize that there will be some negotiations.

The administration is committed, however, to self-sufficiency for Amtrak and for a gradual movement to have local and State organizations share a greater role in mass transit funding. And the position on mass transit funding—that's the position I took several years ago when I was at a mass transit property in Chicago.

Senator **Sasser**. Well, I would just say that I think it's, Mr. Chairman, unprecedented for a Secretary of Transportation to have to appear before the committee and not be able to tell the committee precisely what his Department is asking for this year.

AIRPORT NOISE ABATEMENT

Mr. Secretary, I want to commend you on your proposal for a comprehensive study looking in the direction of producing a national transportation plan. I think that is something that is long overdue, and I feel that we have let transportation policy in this country grow willy-nilly. It's a crazy patchwork quilt, at least from my observation, across the country. And I commend you for taking the initiative and trying to develop a national transportation plan.

I know you have just come to the job, and have probably not had time to consider the particular problems of specific airports. But I want to be sure that you are aware of a situation that exists at the Nashville, TN, Metropolitan Airport.

In June of this year, the airport will complete its part 150 noise study, and once the study is completed, it will be very important for the airport to quickly implement noise abatement measures. The abatement measures could be taken much more quickly if the airport authority could proceed with its own money to take the noise abatement steps that are necessary and then later be reimbursed by the FAA. Reimbursement for noise abatement funding is not presently available in the same way that it is for land acquisition at airports, for example.

Will you and the Department under your leadership, Mr. Secretary, consider innovative ways to help airports that are willing to provide up-front funding for the Federal share of the cost of noise abatement?

Secretary SKINNER. Well, Senator, as you know, S. 376 would add a new category which would allow airport authorities to spend funds before FAA executes a grant agreement, thus giving subsequent reimbursement rather than prior reimbursement. While I have had not a chance to discuss this bill, I think it is certainly a viable option.

Let me comment on the noise abatement problem as I see it because it is not just a Nashville problem, it's a national problem.

Noise abatement is of concern all over the country. Local airports like the one in Nashville are adopting programs. There is no consistency in these programs whatsoever. And on occasion the airport authorities will change the programs after they have implemented them. Now, that is fine for local residents but, unfortunately, it creates a major problem for the airlines and airplane manufacturers that are serving those communities. With no national guidelines or consistency, airlines mix and match airplanes that meet various noise standards to various airports that have different requirements, and those requirements change.

That would appear to me to not only make air traffic and air travel inefficient, as far as the airlines are concerned, but it would eventually add significant cost to the traveling public to pay for those inefficiencies. And number two, it sends mixed messages to everyone concerning what our policy is.

So, one of the things that we have commissioned since I have been Secretary is a review by our internal policy staff of the current noise abatement policies and problems. And after consultation with manufacturers and airlines and local airport authorities—in fact, I think I am scheduled to meet with a group of airport operators from throughout the country in your state next month—or a month after—we will then hopefully give some national guidance or at least look at whether national guidance is appropriate while still retaining significant local regulation and authority of noise abatement. This would appear to me to make some sense.

In the meantime, I am hopeful that we can work on the concepts contained in S. 376. And the FAA and the Department of Transportation can assist you and Senator Gore in developing that program. We are openminded on that, and we will try to get back to you as soon as possible.

AIRLINE DEREGULATION CONSEQUENCES

Senator **Sasser**. Thank you. One final question, Mr. Chairman, if I am not overstepping my time here.

I have discussed with you, Mr. Secretary, my concerns about some of the unintended consequences of airline deregulation, unintended consequences such as a perception of monopoly abuse, and a perception of decreased attention to safety in the airline industry.

I am also concerned about what is happening to the smaller regional airlines. Most of them are gone now. I had a president of a regional airline come to me last year on the verge of merging with a larger airline and indicated that the only way he could survive was through merger. And my rejoinder was if you merge with them, you are going to cut service to the smaller airports in my State and the airports that really aren't that small, airports like Chattanooga, TN, for example, Tri-Cities, TN; Knoxville, TN. And he said, well, that's just the way it has to go with airline deregulation.

Then we have the problem of these so-called hub airports that really develop into having what I perceive to be a captive market. I read in the New York Times a couple of months ago a study which indicates that fares operating out of these hub captive airports are about 50 percent higher on the average for consumers than those which operate out of airports where there is some competition.

I am hopeful, Mr. Secretary, and optimistic that early in your tenure you will undertake to look into these matters and perhaps give this committee a full report on the whole problem of hub airports or captive airports, what your recommendations would be, what the problems are, are they as I perceive them, and perhaps give us some indication of how we can rectify what I think are some unintended consequences of airline deregulation.

If you would like to comment on that—I know in the past you have been a proponent of airline deregulation. Unfortunately, I voted for it. Mr. Chairman, if that was one vote I could take back, I would certainly take it back. I made a mistake in voting for airline deregulation in my judgment as far as my State is concerned. I would like to hear just a word or two from the Secretary on that if we could.

Secretary **Skinner**. Well, I don't think you made a mistake. I think deregulation in the long run will prove very, very effective.

You have, however, identified some serious problems.

Deregulation works best in a free and open, competitive market where there are facilities available to everyone to compete head to head, with a number of viable competitors in the marketplace.

Shortly after being sworn in, I established a special task force within my policy shop and with special assistants who I meet with once a week to discuss all aspects of airline competition under the deregulated environment. That task force is not only looking at hubs, it is looking at airport capacity. It is looking at computer reservation systems. It is looking at pricing and the impact on pricing. It is looking at our computer resources, both here and in Massachusetts, to do a thorough analysis of pricing. And we will be making periodic reviews based upon that information and providing input not only to the Congress, but to others.

One of the first issues that we're examining, of course, is the proposed merger between Delta and American of the computer reservation systems that both have. That is primarily a matter for the Justice Department to review, but that is just one example of an issue that this task force is examining. Until we get the results of that objective study, I can't really refute or agree with some of your assumptions.

I think one of the problems has been, Senator, that in a regulated environment, the sharing or the allocation of cost versus revenue within the system by the airlines is artificial. And unfortunately, if you have an airplane going Washington to Chicago and it has enough passengers to go at a full load, the fare can be cheaper than if we send that same airplane to Johnson City, Tri-Cities, with 20 passengers on it. And the airlines, to some degree, are taking those efficiencies into account in their pricing, and that has caused a significant skewing of pricing in some areas which the impact has been felt during these early years.

But all of this will show up in our review, and it is under way already.

Senator SASSER. Thank you, Mr. Secretary.

Senator LAUTENBERG. Thank you.

Senator Domenici.

AIRLINE DEREGULATION AND SAFETY

Senator DOMENICI. Thank you very much, Mr. Chairman.

Mr. Secretary, I have read a lot about you and have talked briefly with you about these problems. But I want to compliment you today for your work so far. Particularly, I compliment you for what I perceive to be your very enthusiastic evaluation of your job. The things you have already told us you were trying to do leads me to believe that you will be a significant contributor to our process and to transportation policy in this country.

Secretary SKINNER. Thank you.

Senator DOMENICI. I am pleased to hear you talk about trying to make some sense out of the transportation system. I hate to say this, but that always comes with an intelligent, enthusiastic new cabinet member. I compliment you for that, but I think you will find that if you could slip over to another cabinet position—pick any one you want—you would find the same anomalies that you find in your Department, be it energy or labor. You will find that we have a rather confused system. Sometimes we're responsible for that, sometimes we're not. But I laud you for trying to make sense of it.

Secretary Skinner, on the last question Senator Sasser asked, you left untouched in your final remarks the safety issue. You're going to do the evaluation from the competition standpoint, and I think that is absolutely imperative. Could you make an observation with reference to the safety issue that he raised, the perception that safety may be sacrificed with deregulation. In that comment, could you tell us what increased passenger utilization has occurred in the last 4 or 5 years in the airline business in the United States?

Secretary **Skinner**. I appreciate the comments and I also appreciate the fact that you have identified an area that is, of course, of primary importance. The FAA's mission, above all, is safety in the air.

I have visited with over 300 FAA employees east of the Mississippi River. I haven't gone west of the Mississippi yet—in all areas of their operation. And I have come to the conclusion that, No. 1, as far as safety is concerned, the FAA continues to do an outstanding job.

Several of the problems that the FAA faces are directly related to the problem you just identified, capacity within the system. Air traffic travel is growing at a faster rate than capacity. Airplanes are fuller. More flights are being flown, and more landings are being made.

The system, according not to me, but to the chairman of Lufthansa who I met with last week, is the best air traffic control system in the world. He wished Europe had a system like that. And we sometimes forget that.

We have an agency that lost its work force and replaced now 16,000, almost 17,000, controllers. There are very few organizations that took a loss of work force like that and have even survived, let alone handling increased volume like they are.

They are on the cutting edge of safety and technology and the proper maintenance of old equipment.

They need more support. As Congressman Gray told me yesterday in the House hearing, he did hit the transportation budget harder when he was chairman of the House Budget Committee than he did others. It is time to restore it, as our transportation system enjoys even more popularity than it has before.

I don't see any signs that safety has suffered. In fact, at my hometown, the Chicago area, the number of midair incidents has dropped considerably in the last 90 days as a result of some improvements that have been made.

The FAA continues to have safety the No. 1 priority. They continue to put pressure on the airlines. The airlines—because of the high profile safety enjoys with the public—also recognize the importance of safety.

So, I don't think you can assume deregulation equates to less safety. I think that is just not correct, and I'm glad you gave me the opportunity to take to the soapbox. I apologize for cutting into your time, but I feel strongly about that.

MULTIPLE USES OF RESEARCH PRODUCTS

Senator **Domenici**. Let me move ahead as quickly as I can in a couple of other areas.

You mentioned new technology for surveillance to determine what people are bringing on board aircraft. I recommend strongly to you, since you want to make some sense out of a confused national policy, that you also pull together the best talent in the country. There are some enormous breakthroughs in detection technology on the horizon.

One of the problems we have is that we tend to compartmentalize research. If somebody is researching for defense, they don't necessarily know what the FAA needs are. I submit to you that you would do a real service, both with reference to security improvements and to the long-term stability of aircraft, if you expand beyond the advice that is coming from your Department to our great scientific institutions, universities, national laboratories, and the private sector to find cutting edge technology. The new computers offer tremendous simulation capacity to determine structural soundness and the like. And I believe you ought to take the lead regardless of where that science sits today.

Secretary SKINNER. I will do that.

And I will just share this brief comment with you, Senator. I met yesterday with the chief executive officer of the Boeing Corp. in my office, and we discussed his commitment to safety. I was very, very impressed with two things. No. 1, he is not an engineer, and he recognizes he is not. So, he surrounds himself with the best talent he can get. No. 2, he is working very closely with the FAA on a lot of the problems that we are talking about. And that is an example I think of the emphasis that we're going to place. So, I do adopt your suggestion wholeheartedly.

STATE HIGHWAY TAXES

Senator DOMENICI. Let me ask if you could furnish for the record, if the chairman agrees, an evaluation of what is going on in the States with reference to increased gasoline taxes over the last, let's say, 6 years? How much have the States increased gasoline taxes, and are they putting all, or most, of that in highways, in highway maintenance, and the like? I think we ought to get an assessment of what is going on out there, because I think States are, indeed, putting more money into highways than many of us think. Could you do that for us?

Secretary SKINNER. Yes, sir; we can do it, and I am meeting with 49 State highway officials tonight for dinner, the senior people and 49 highway officials. So, I am going to ask each one of them to provide that information for me. I will get somebody to do it for us.

[The information follows:]

GASOLINE TAXES

State gasoline taxes have risen on the average 4.5 cents per gallon nationwide between December 1982 and December 1988. Federal Highway Administration financial information shows that, of the 50 states and the District of Columbia, only six did not change their gasoline tax rate over the six-year period 1982–1988. Twelve states increased gasoline taxes between 1 and 3 cents per gallon, seventeen states raised the gasoline tax rate 4–6 cents per gallon, thirteen states raised the gas tax rate 7–9 cents per gallon and three states raised the gas tax rate 10 or more cents per gallon during the six-year period.

Total state motor-fuel tax receipts from all sources including gasoline, diesel fuel, liquefied petroleum gas and gasohol in 1982 equalled $10.5 billion nationwide, and increased to $16.2 billion in 1987. In constant 1982 dollars total state motor-fuel tax receipts rose 31.4 percent from 1982 to 1987. Of these 1987 state motor-fuel tax receipts, $8.5 billion was used for capital expenditures, maintenance and administration for state-administered highways. A total of $4.8 billion was used for upkeep on local roads and streets. Therefore, about 82 percent was used for capital expenditures and maintenance of highways or local roads. The remaining $2.9 billion was used for administration, law enforcement and safety, mass transit and nonhighway purposes. Most states are increasing their gasoline taxes on a regular basis and using a majority of the receipts on highway repair, replacement and maintenance.

TOTAL SPENDING FOR AIRPORTS

Senator DOMENICI. Second, I would like to ask about airport construction and major improvements. I have heard a lot of comments that no new airports have been built in the last 5 or 6 years. Some say we are not spending enough money on our airports. I don't know whether that is true or not. Could you give us, for the record, an overall national assessment of how much money has been spent on airport construction in the last 6 or 7 years, and how much is on the drawing board for airport construction and improvements in the United States?

Secretary SKINNER. Yes, sir; we will get that information to you.

[The information follows:]

NATIONAL ASSESSMENT OF AIRPORT FINANCING

During the six-year period from FY 1982 through 1987, a total of $15 billion was spent by Federal, State and local agencies on airport improvements according to the Bureau of the Census. We estimate that the current annual rate of public investment in airport improvements is about $3 billion. With regard to future airport development, the FAA's National Plan of Integrated Airport Systems (NPIAS) report estimates that airport development needs for the ten-year period between 1986 and 1995 will be $24.3 billion, in 1986 dollars. The NPIAS report describes the costs associated with maintaining the existing system, bringing airports to recommended standards, and expanding and increasing system capacity. Information for the report is developed from local airport master and systems plans and includes projects eligible for Federal assistance at 3,243 airports.

We will address airport needs and future projections as we develop the National Transportation Policy, and that should provide a more complete answer to your question.

ALTERNATIVE FUELS FOR VEHICLE FLEETS

Senator DOMENICI. Now, let me ask about alternative fuels. Somebody raised the issue, and again, I have a suggestion. Frankly, I don't believe we are going to make any headway in alternative fuels when it comes to the ordinary, day-to-day fleet ordered by the American people. I do think we have to move beyond the CAFE standards as a means of conservation. In fact, I am not sure that would be sufficient conservation according to what the Department of Energy says.

But it seems to me that you have to be exploring some options for utilization of alternative fuels in this country. It seems to me that either the Federal Government, the State governments, and even car rental groups that have large fleets, ought to be exploring alternative fuel use as a means of breaking into the market. I urge that attempt in this early stage, because I think it offers a real opportunity to move into that field.

Do you have any comments on that?

Secretary SKINNER. No. I would point out that alternative fuels are an alternative. They have to be explored. There are, of course, some revenue implications, as you point out. A lot of them are exempt from taxes, of the Highway Trust Fund. So, as we deal with alternative fuels for the environment, we are going to have to also deal with the revenue problems that Senator Byrd talked about in the Highway Trust Fund. But I think there are some steps going on and some fleets have been developed with alternative fuels.

Exactly what role we can play, I'm not sure, but we'll look into it.

MASS TRANSIT FUNDING

Senator Domenici. Mr. Secretary, with reference to the President's budget and what your position is or isn't, let me suggest to you that it is, indeed, laudatory that as Secretary of Transportation you come before a committee that is obviously very concerned about one area of this very big budget. I submit to you, however, that if everyone comes before the Congress and says my programs are either frozen or have to be reduced, but I don't think that is for real, we will not have any budget restraint, because everybody has programs that need to go up. The President is saying that if very many programs go up, some will have to come down.

Finally, do I understand that on the capital grants for mass transit you have some concern as to the policy of the United States because most of the money goes to 10 or 12 cities, and perhaps local communities aren't contributing the kind of share that a national policy would require?

Secretary Skinner. Well, let me say that the President has placed in his flexible freeze concept a high priority for the Coast Guard and drug interdiction and the FAA. So, if you take the flexible freeze concept and add the moneys that he has for new initiatives for Coast Guard and FAA, we get very close. And the President has made clear that his priorities are in cutting some of these other programs. So, when we deal on that basis, I think I am just following what the suggestions are from the OMB as we begin the negotiating process.

No. 2, I think what has happened is State and local governments have let Washington assume too great a role in the funding of mass transit. I think the local share has to go up. I think they have to play a bigger role because, while it is not a parochial interest, it is a regional interest, and there ought to be regional involvement.

As head of the mass transit program in northern Illinois, I proposed a $1 billion program totally State funded. It was not accepted by the legislature, but I am hopeful it will be this year.

I think to have cities—for instance, the city of New York is pouring billions of dollars into its mass transit program with local funding, but there are some States that are putting no money in. That doesn't appear to me to be fair. We ought to have a level playing field, and we ought to encourage local organizations to put local money in.

Senator Lautenberg. Thank you very much.

Senator Domenici. Thank you, Mr. Chairman.

Senator Lautenberg. Senator Mikulski.

PAN AMERICAN FLIGHT 103

Senator Mikulski. Thank you very much, Mr. Chairman and Secretary Skinner.

First, Mr. Chairman, I am delighted also to become a member of this subcommittee. Last year I became a member of the Appropriations Committee, and now have the good fortune to serve with you in this subcommittee capacity.

And, Secretary Skinner, I look forward to working with you. I think you bring the right resume and the right background and the right access to President Bush that will help keep transportation as one of our number one priorities.

Mr. Secretary, I think what is so exciting about the Department of Transportation is how key of a role that it plays in protecting the United States against some of its most serious threats. And I will get to my questions.

But, first, on the issue of terrorism, which my colleagues, Senator Lautenberg and Senator D'Amato and others, covered that very thoroughly. I just want to add this Senator's voice to really a very aggressive effort in the area of terrorism. Seven Marylanders died on Pan Am 103 and they ranged from a young lawyer at the Justice Department who was a Nazi hunter, to young women who were studying social work and special education in England, to a young Army lieutenant who would have made captain this spring and who just liked being in the Army because he wanted to fight bullies. I talked to every one of those families, so I know their stories well. And so, I just wanted to make a personal statement in that regard.

DRUG INTERDICTION MEASURES

The other threat that I think we are facing is the issue of drugs. I think drugs corrode and they kill and they corrupt. I was very pleased to see that you are going to add more money to the Coast Guard interdiction efforts. There have been a lot of criticisms and evaluations of whether we are putting so much money into hardware without getting anything out of it.

Have you had a chance to really analyze what you think the strategy should be in interdiction and how that would relate to border patrol? For example, we hear about blimps that bump more than fly, that the smugglers have better boats than we have, that our communications systems are out of date. I just wonder what you see the Coast Guard doing. And I am so glad that you are not making the Coast Guard the stepchild of the Department of Transportation.

Secretary **Skinner**. Thank you, Senator.

I did have the fortunate experience to spend 2 full days in south Florida and the Bahamas with the Seventh District last weekend. We literally went nonstop from 5 o'clock on Friday to 7 o'clock on Sunday. I was out on the water on five different vessels and five different aircraft, met with well over 300 Coast Guard drug enforcement and Customs personnel, met with senior members of the Bahamian government, as well as senior people from the Drug Enforcement Administration, Customs, and the Coast Guard.

It is my opinion that in south Florida, the Coast Guard, DEA and Customs are working very well together in a somewhat complicated system, and drug interdiction is an effective effort.

As you point out, however, as a program gets effective as a deterrent, the number of seizures and the number of demonstrable results become less because the program is working, much like national defense. We have no wars because we have peace because we are strong. It is important that we understand the rationale of a deterrent if we're going to maintain those programs.

Drugs continue to be a major problem. Senior officials of the Drug Enforcement Administration indicate to me—and they have been around in drug enforcement about as long as I have, since 1968—that there is no waning of this problem and it will continue to be a problem. And the Coast Guard is pretty effective in dealing with it, especially when you combine air and water interdiction.

The boats that you talk about, as an aside, are very fast, but they can't proceed across ocean open waters at the same speed they can run up and down the bay. And the Coast Guard has some effective equipment that can go, as we might say, toe-to-toe with them in open water. And when you combine that with the new helicopters and the Falcon 20's with drug interdiction equipment, they can track about any boat and any airplane anywhere in that area.

The aerostats or blimps you are talking about are a new technology. It is very effective to put up a blimp or an aerostat with a radar on it. And as long as we have winds of 70 knots or less, it looks like you can get a pretty good radar track of 360 degrees of the area. You have to bring them down in wind. Occasionally we're going to lose one. The tether will break and they are gone, but not too often.

Senator **Mikulski**. Well, what I then gather from this is that you feel that you have gained an understanding of this problem and that you are going to be watching to see what the Coast Guard needs to do in order to wage a war. And it is going to be a combination of sea and air. Is that correct?

Secretary **Skinner**. That is correct. Only I hope I don't have to work till midnight both nights. I hope I can figure out how to quit about 7 o'clock.

Senator **Mikulski**. I have some questions related to the Baltimore yard, but I'm going to submit those for the record. They are essentially about compliance with report language.

The other field that is a threat to our country is, sometimes, our own transportation problems. And this then goes to the issue of safety. I am very pleased at what you are doing in terms of the FAA and the efforts being made there.

DRUG TESTING IN TRANSPORTATION

But, Secretary Skinner, one of my concerns is also in the area of rail and truck safety, particularly those who are either pilots, or drivers, or railroad personnel who are what I call fit for duty. Again, I'm the Senator from the State that had the Chase, MD, accident of Conrail which through Ricky Gates' own admitted behavior related to drugs resulted in the death of several people, including again young people returning to college.

Have you fashioned a policy on the issue of fitness for duty for those who operate our railroads, those who will fly our airplanes, and those who will drive our trucks? This takes us to drug testing and some other issues.

Secretary **Skinner**. The Department, prior to my coming on duty, had adopted a very strong, random drug testing policy that requires approximately 3 million safety-related transportation workers to be tested at a 50-percent random sample virtually anywhere they can be located. That program has been challenged in the courts. There are currently 16 lawsuits pending against the Department in various jurisdictions dealing with not only our random testing policy, but our program that relates to post-accident testing, as well as employment. Until the Supreme Court rules, we will be unable to enforce those rules.

In the meantime, we are looking at those rules and trying to determine what kind of enforcement mechanisms need to be in place to ensure that they are met, and what the cost is going to be on the Department and on industry. So, this work is ongoing while we await a determination from the U.S. Supreme Court whether this testing is appropriate.

Senator **Mikulski**. Thank you.

Mr. Chairman, I know you have been very generous with your time. I have some other questions related to Maryland-specific projects that I would like to submit to you and for the record.

Secretary **Skinner**. That's fine. We will get back to you.

Senator **Mikulski**. But this issue of safety. These issues of threats are something that are very special I think to us all. And it really is where we have a national role and are not necessarily involved in regional projects. So, we look forward to working with you.

Secretary **Skinner**. Thank you.

Senator **Lautenberg**. Thank you very much, Senator Mikulski. Senator Kasten.

MODE C REGULATIONS

Senator **Kasten**. Mr. Chairman, thank you.

Mr. Secretary, welcome.

The general aviation people in Wisconsin—I know many of them are your friends—are concerned about the Mode C regulation and how that whole thing is developing. And as you know, this is the question of the cone versus the cylinder versus the upside-down wedding cake or however you want to talk about it.

What is the status at the present time? And I just want to say as one individual without any of the kind of experience that you have, I think that my friends in general aviation are making a very strong case for somehow being able to get in underneath and, therefore, would propose an inverted cone or at least not the cylinder with the radius that you've got. Where do we stand on this, and what is your opinion?

Secretary **Skinner**. Well, you are really, I think, almost talking about two different problems. One is Mode C and whether we are going to require Mode C and for what type of aircraft. As you know, our friends up at the Experimental Aircraft Association, at EAA, and many members of general aviation are concerned about requiring Mode C across the board. It's a very expensive device that may not be required.

I want to learn more about it. I haven't gotten into it yet. I recognize there are rules that are in the process of being developed.

I am convinced on the TCA, which is really the problem that we are talking about in terminal areas in positive controlled airspace, that the FAA makes their best efforts on a safety-related basis. If anything, they tip in favor of safety, safety, safety. We will never want to compromise safety.

What we have to do is make sure that as these proposals come up, while I presume if the FAA sends them up to me, they have gone through all of the safety traps. That's their job and they are very good at it. They must understand that they don't want to get so regimented in their proposals and rules that they forget to look at obvious alternatives that are still at the same level of safety but will accommodate people such as the proponents and others.

We are going to look at both of those issues. We have a comment period out. I think the FAA understands that as long as we don't compromise safety, they are willing to look at different ways as proposed by industry to do the job. And I'm encouraging them to do that. To the degree that the Secretary's Office and our policy shop can play a role in facilitating this dialog, we are going to continue to do so.

Senator KASTEN. Well, I thank you for your response. I just feel strongly that the needs and interests of this smaller group of people who might not have the economic muscle that some of the larger airlines do is considered as we develop all these steps.

Secretary SKINNER. Well, I think you can be assured that while I will not tip in favor of anyone, the fact that I am a general aviation pilot and know that system pretty well, indicates that they won't get shoved off in the corner. They will be on the playing field, and I will try to keep it a level playing field.

General aviation has suffered as an industry, as you know, tremendously since the 1979 recession. And I don't want to—I want to make sure that we don't do anything that we don't have to do that hurts them any further. At the same time, if they are going to fly into positive airspace, they are going to have to have a positive control.

FAA INDEPENDENCE FROM DOT

Senator KASTEN. Another issue that they are concerned about, but also a number of us are concerned about, is the question of the independent FAA. Previous administrations have been opposed to that legislation. Have you had the opportunity to review that issue and particularly the bill that Senator Ford and others introduced in the last session of Congress? And how do you think you see that whole organizational question being resolved?

Secretary SKINNER. I don't think you solve problems of relationships by reorganizing. You deal with the problem of relationships. The relationship between the Secretary's Office and the FAA has not been good in previous administrations, as Secretary Burnley indicated to me when I came on duty. He said that my love for aviation and my knowledge of aviation will be of immense help to me in understanding the FAA and relating to the FAA.

I have made the extra effort to learn as much as I can about the FAA and understand what they are doing. I have already solved some of the problems they have had in getting some decisions made within the Department, and I'm going to continue to do so. So, I think the relationship right now between the Secretary's Office and the FAA is quite healthy and it will continue to be so.

The problem that we still have to face, however, has nothing to do with the relationship between the Secretary's Office and the FAA. It is whether we can recognize in government and compensate accordingly the unique position of air traffic controller and, to some degree, resolve procurement problems unique to the FAA.

I believe it was Senator Lautenberg who indicated—and he knows because he was in the business, as was I. And last night I met with the chairman of IBM, John Akers, at dinner. And he told me exactly what, Mr. Chairman, you and I have been talking about. The FAA and the NAS plan is installing the most complex realtime, online system installed in civilian government in history. And it is probably one of the most complex realtime systems installed by industry anywhere in this country. We have to make sure that government procurement policies allow us to put in that kind of system.

At the same time, the job of air traffic controller—and I know, Senator Kasten, you know that job—is in complex aviation areas, a very, very tough job. They are young people sitting in front of a 1950 vintage tube controlling 20 and 30 airplanes in a stream leaving every minute, sometimes landing on two different runways with a supervisor and a trainee watching them. That is a very tough job. And that job in Chicago is a heck of a lot different than the job in Albuquerque, NM. And I just picked that out. There are 21 centers and 5 or 6 are a lot tougher than the other 15. And we have got to recognize that when we ask someone to do a tough job, we need to pay them for it and recognize it.

If we can do it within the system, we should. If we can't, that may be an area we may have to take outside in some kind of way. So, I am openminded, but I would like to make the system, as it is currently structured, work rather than trying to tinker with reorganization.

SLOTS AT HIGH-DENSITY AIRPORTS

Senator KASTEN. Thank you. Mr. Secretary, we were talking earlier about capacity and competition. One of the areas that a number of us have been working on is trying to figure out how we can get more slots at the four high-density airports. We are now in a position where there has been a notice of proposed rulemaking. My understanding is that that solves part of the problems, but not most of the problems for at least some of the limited incumbents and new entrants who are trying to break into this area.

I just want to ask that you try to work with the problems that America West, Midwest Express, and others are in the process of expressing to you. We have been working on this problem for about almost 2 years, and we thought we had it fixed. It now looks as if the proposed rules don't fix it, and we just are going to want to be working with you in terms of trying to get some kind of a solution.

Secretary **Skinner**. Our competition task force will take that into consideration. I would point out that landing slots at those four—I think it is four airports that have them or five—are just part of the problem, Senator. The other problem is actual gates.

If airline X has 90 percent of the gates, it is very difficult for airline Y to compete with them on a regular basis on the same hourly or close to the same hourly sequence as airline X since they don't have the gates and facilities to put them at. We haven't built a new airport in this country since 1974 in Dallas-Fort Worth. We have expanded a few and we have talked about one in Denver.

So, the problem is not only air traffic control, it's gates as well as slots for arrival. And that is an infrastructure problem that we are going to have to deal with. And that will not be dealt with overnight.

But I am anxious to maintain competition in this industry. That is the only way deregulation will work. And in that light, we have to make sure that the giant carriers don't monopolize airports throughout this country. We have to make sure that competition is healthy and the Midwest Express, which is a fine, economical airline, has a chance to participate and make its own way and prove its own self-worth. So, I am all for it.

SECONDARY BOYCOTTS

Senator **Kasten**. I just have one on a completely different subject. The Washington Post has reported that the machinists union either will picket or is considering picketing the railroad industry in conjunction with its March 4 strike against Eastern Airlines.

Why would the machinists strike the railroads, and what is the administration's position likely to be on this?

And let me just finish and then you can—the previous administration forwarded legislation to the Congress last year that would, in effect, ban secondary boycotts in the railroad and also in the airline industry. Does the Department of Transportation or the administration plan to resubmit similar legislation this year particularly in light of the fact that at least there is a threat of the machinists striking the railroads?

Secretary **Skinner**. Well, Eastern Airlines is an issue that I deal with every day. In fact, I have a meeting this morning, but I am here. I will be meeting as soon as I return to my office with the people that met this morning.

Secondary boycotting, as you know, is allowed under the Transportation Rail and Airline Act. Secondary boycotts can destroy an industry—let's put it this way: It is a very effective tool.

And Eastern Airlines' machinists, I assume, would attempt secondary boycotts because they could affect commerce throughout this country and put pressure on Eastern Airlines or the administration to either declare a cooling-off period or force Eastern to settle with the machinists and possibly the pilots.

I don't know what the Department's policy is going to be. We are awaiting a recommendation from the mediation board. The Department of Transportation and Department of Labor will advise the

President's office as to what the various aspects of this are. The President will then make a decision upon any recommendation by the National Mediation Board.

In the meantime, our job at the FAA is safety, and we have a three-level program to ensure that if Eastern flies because they are able to put together enough airplanes with pilots and machinists—available machinists—that we will make sure that we know the work being done is being done correctly and those airplanes are safe.

Senator KASTEN. Will you resubmit legislation similar to what was——

Secretary SKINNER. That is, primarily a Department of Labor issue. That is not a Department of Transportation issue. We will consult and advise if asked, but I am not aware of the current plans on that legislation. And that would come I think out of Labor rather than out of here.

Senator KASTEN. Mr. Secretary, thank you.

And, Mr. Chairman, thank you very much for being so patient with me.

Senator LAUTENBERG. We enjoy having your participation, Senator Kasten, and that of all of the members of the subcommittee. Mr. Skinner, it is a testimony to you perhaps, but also to the concerns that each one of us has about transportation that we had virtually every member of this subcommittee join us. Senator Harkin has other commitments and could not be here. Everyone else was.

FEDERAL VERSUS LOCAL FUNDING

I want to just continue for a few minutes on the funding question. We have growth virtually in all forms of transportation. It is fair to say highway use has increased, truck use certainly has, rail use has increased, both freight and passenger service, and aviation has increased. We have talked at length about that this morning.

And when we talk about the freeze—and we can debate the definition here—I see it as not a freeze because of the juxtaposition of outlays and authority. Senator Sasser was very direct with you because we would like to have something come from you and your Department and from this administration that is more specific about how to deal with these things.

We have all of these increases and we are talking about working off of a funding level that frankly is a couple of years old, that doesn't at all consider the expanded need or the capacity to adjust to that need.

Can I get a comment from you that permits us to view this in the context of meeting the demand? I have heard you say both publicly and privately that we have to throw more back to the locals and so forth. That is a costly process and a lot of the locals just can't do it.

I'm sorry Senator Domenici isn't here, but it is obvious that we do reflect our regional interests, and I think that is appropriate. The consensus is what makes us function or not function, as the case may be. But when we talk about the 10 or 12 cities, we are talking about an enormous proportion of our population. How do we meet those needs in the years ahead, even if we make major changes in the relationship between Federal funding and local funding as you propose? What do we do?

Secretary SKINNER. Well, I think as I have indicated, they have to bear a larger share. The major cities—New York is a good example—New York and the State of New York have put billions of dollars into the mass transit system over recent years.

In California, we have a significant new start, but a much higher percentage of the total dollars in that project is coming from the local organizations than has traditionally come in new start projects.

The idea that they can't afford it, I think, doesn't really hold water. As long as we give them assurances that we are going to solve their problem, they won't solve it themselves. And that doesn't mean we totally pull out, Senator. But this idea of every major transit property in the country, including the one I just came from, looking to Washington to solve the infrastructure problems is just naive. There isn't enough money to go around to do it, especially when you consider the age of the infrastructure and that most of it has to be replaced.

Now, maybe as part of a national transportation policy, when that all comes together and the Congress decides to deal with reauthorization bills, the Congress may decide, with or without the administration's approval, that funding for mass transit infrastructure replacement should come primarily and almost exclusively from the Federal Government. That is not a view I share, but if that is what the Congress decides to do and there is enough support for it, that's what will happen.

I don't think it is healthy for local mass transit organizations to be thinking in those terms based upon the signs I have seen from Washington. I think they ought to look inward not outward. At the same time, as I indicated last year when I testified, I don't think we should just pull the rug out from under them.

Senator LAUTENBERG. So, if we make any adjustment, it is going to take a significant amount of time to make those adjustments.

But in reality, we have reduced proportionately and directly the amount of funds provided. The sums for transit, both operating and capital, have come down over these last few years, and the system's growth is there. The demand is there. So, we have effectively started a process.

And I think it is fair to say that if we don't encourage these communities by supporting mass transit, what we are going to do is encourage more highway use, which is not being adequately met, resulting in more pollution, more problems, more congestion. And that ultimately reflects on our ability to function as a society.

So, I hope if we have to make adjustments, that we will make them in an appropriate period of time, but that overall demand for transportation services is looked on as an objective and not simply a budgetary exercise.

AIRPORT AND AIRWAYS TRUST FUND

I wanted to ask you about the Airport Trust Fund. Has the Department projected the short- and long-term needs of this fund?

Secretary SKINNER. I'm sorry?

Senator **Lautenberg**. Has the Department of Transportation projected the needs from the Airport Trust Fund's short-term and long-term?

Secretary **Skinner**. We do have some specific numbers that we have submitted dealing with what we estimate the needs are going to be for the NAS plan through 1990. One of the problems is, of course, that we are going to have needs beyond that. Through 1994, we believe that without the tax trigger, revenues are going to be generated of approximately $23 billion. We believe that there are still additional requirements beyond that. And if we kept 1990 budget levels through the next 5 years, we would require $17 billion from the trust fund for capital alone. And it is more likely that those needs would increase.

So, right now we are funding the FAA through general revenues and trust funds, but general revenues continue to be a major source of funding for the FAA. And we are getting closer to a better balance with the trust fund and we'll continue to push in that direction.

Senator **Lautenberg**. Well, things like recommendations that security costs be supported by trust funds, whether it is R&D or equipment, are going to place additional burdens on the fund. Is it fair to say, coincidental with the discussion you had with Senator Byrd about the Highway Trust Fund, that we are looking at a time in the not too distant future when we are going to have to reevaluate the ability of the trust fund to carry the obligations that we see as being necessary?

Secretary **Skinner**. I agree. I think we are going to have to evaluate whether the trust fund even at its current level is sufficient to fund these additional projects and needs. And until we get our national transportation plan and its identified needs, it is hard to say how much, if any, the shortfall is going to be, but there will be one.

Senator **Lautenberg**. I think it is important for the record and for this initial opportunity for you to present your views and for us to get our direction organized for the coming years, so that it's established that this isn't some slush fund sitting there. You hear lots of references to it. Why don't they spend the money and so forth?

I think it is fair to say that the money has been available to meet the requests. You said it before very clearly that the NAS plan, for instance, is enormously complicated, the biggest project ever undertaken. And with our respective backgrounds, you know that you cannot forecast all of the changes that will occur, changes in technology, changes in software, changes in demand. So, we find ourselves with a system that is not quite at its beginning, but certainly has not reached the point at which we can sit back and say, OK, that's it.

NAS PLAN IMPLEMENTATION

If you had to evaluate the performance so far of the development of the NAS plan, what would you say? This is not casting aspersions on those who went before. A lot of this is a learning experience you must go through.

Secretary **Skinner**. I think it is behind. I know it is behind. I think some of the cost estimates in the out-years are really not NAS plan outlays. They are post-NAS plan implementation outlays. And with any system you are going to have improvements along the way.

I think the fact that we now have a prime contractor in place and the appeals are over will enhance that contractor. He has an excellent reputation, as you know. It is as big a contract as they have ever had. And I am convinced that with proper coordination between the contractors and the FAA, although we are going to have some additional glitches and probably some delays—we have identified most of the delays and the problems. But any time you put in a system of this complexity, you are going to learn things as you develop.

The chairman of IBM last night indicated that before he put his new floor plan for a factory into place, they modeled it and were able to find changes that had to be made that they would have normally found by implementing it, but by modeling they were able to identify those problems early and correct them.

So, therefore, any system is going to have those kinds of problems. Most of them don't show up until you are in your shakedown cruise.

Senator **Lautenberg**. You were hanging around with a pretty powerful group there last night with the chairman of IBM.

I met a couple of colleagues also. I guess there was a roundtable meeting that had them all in town, and we had to grab them while we could.

Secretary **Skinner**. I don't know who was grabbing who.

Senator **Lautenberg**. Yes. Well, it is important that we grab each other because we are involved in a major development for our country. I mean, the NAS plan is important for all kinds of reasons, particularly economic development. Underlying it is, obviously, some security evaluation. There are all kinds of things. And the United States, with its advantage in aviation, ought not to let it slip away from us, ought not to lose the advantage that we have of quick transportation of people and goods and commerce. Aviation is the key to the continued development of this country, and we want to see it continue on the basis that it has.

I also appreciate your expressed concerns about monopolistic domination of the various routes and airports. We have to watch that very carefully. And I think that's the balance that Senator Sasser was trying to develop before.

NAS PLAN TOTAL COSTS

Are you prepared at this time to give an evaluation or a forecast of when and how much in general terms the NAS plan might take for development?

Secretary **Skinner**. We had given some numbers to the committee earlier. I would kind of like to wait until I sit down with the prime contractor and get their assessment, as well as the FAA's assessment, and reconcile the two and make sure that the numbers I give—I'm reluctant, Senator, given the history of this plan and the reliance by the Congress on those numbers, to give you any solid numbers this early in my watch until I have had a chance to really validate them.

So, the answer is no. But I will get them to you. As soon as I have them, you will have them. It's just I am not comfortable without a validation.

Senator **Lautenberg**. Is it fair to say that over the past few years that it has been more of a learning experience than a productive one?

Secretary **Skinner**. Yes; I think it is. I think it is going to be—when it is all done—well worth the money. I have seen some of the technology in place, and it is pretty exciting.

Senator **Lautenberg**. Yes; some of it is exciting and some of it is disappointing. I, like you, took a look at a few places, and when they talk about realtime, online, they talk about delays of 3 or 4 minutes for information developed. That is neither online nor on time.

We have to make sure that what we are expecting is what the contractor delivers. And we have to determine what the FAA suggests as appropriate cost and schedule targets and stay with them on that.

We will have a chance to discuss more of these things over the coming months and years.

I would like to ask Senator Grassley, who has rejoined us, if he wants to ask his questions now.

AIRPORT GRANTS DISTRIBUTION

Senator **Grassley**. Mr. Chairman, I am only going to ask one question, but if you haven't already done so, I would like to have permission to ask about a half a dozen other questions to be answered in writing. I suppose we have about 2 weeks to do that?

Senator **Lautenberg**. We will keep the record open. We have gotten the Secretary's assent to accept and respond to the written questions. And we have asked for a 2-week response time at maximum.

Senator **Grassley**. Thank you.

Mr. Secretary, congratulations on your appointment, and I think the way you have handled yourself at this meeting, even though I have been in and out, shows that you are on top of the issues. And I know that you have a background in transportation, so that shouldn't be surprising to us. But still, you are taking on a big load as Secretary of Transportation, and you need to be complimented for how you have mastered that to this point.

You place an emphasis on capacity when talking about airport improvement grants. It appears as though you are reducing funding for the airport improvement program and encouraging more money to be spent for capacity improvements. Will this mean less money for smaller and medium-size airports or do you anticipate directing some capacity money to midsize airports?

Secretary **Skinner**. Well, we still have in the area of capacity—we have increased the discretionary capacity levels or we have proposed that so we can really have target funds in the greatest impact areas. This will require some reduction in primary airport entitlement funds if it goes through. But this group of airports is still going to be eligible for discretionary funds. And don't forget that the small airports receive a lot of formula funds through State entitlements, and that won't be affected at all.

But if you take the 400 primary and cargo airports, the proposal we have made for the airport improvement fund adjustments will take about a 21-percent formula reduction. Those airports will still be eligible if, in fact, they meet other criteria.

And the real problem is, Senator, as we have indicated, there are real capacity problems. We have to start dealing with them. And this balance is one that I think is open to discussion with the committee, but we think it warrants some discussion so we can move forward in dealing with some of these capacity problems.

Senator **Grassley**. I thank you very much.

Mr. Chairman, I am done then.

Senator **Lautenberg**. Thank you very much, Senator Grassley.

Mr. Secretary, we will conclude now. And I would like to add my congratulations to those from others that you have heard. I think you handled yourself very well. You and I will have some opportunities for further discussion to perhaps resolve our disagreements, and to work on those things upon which we agree. I look forward to working with you on them.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

AVIATION SECURITY

SENATOR LAUTENBERG: I wrote on February 13, asking that the International Civil Aviation Organization (ICAO) explore the possibility of imposing the new, tighter security precautions required of U.S. flag carriers on foreign flag carriers that serve the United States. Do you see that as a possibility in the near future? Relative to other countries and other airlines, how do the security measures required by the United States compare?

ANSWER: The FAA has broad statutory authority to impose stricter security requirements on foreign air carriers serving the U.S., conditioned by other statutory requirements to act "consistently with any ...treaty, convention or agreement" (such as ICAO). Unilateral action by the U.S. to require foreign airlines operating out of foreign airports to follow the same extraordinary measures we impose on U.S. carriers -- absent the conditions addressed by ICAO guidelines -- would engender fierce opposition from our foreign aviation partners.

As a general matter, the security measures the FAA recently imposed on U.S. flag carriers operating out of Western Europe and the Middle East exceed those imposed on other airlines operating to the United States from those regions.

SENATOR LAUTENBERG: As you know, the ICAO has developed 18 annexes to guide member-state actions and regulations related to aviation practices. Annex 17 was amended following the hijacking of TWA flight 847, the destruction of the Air India flight, and bombings at Frankfurt and Norita airports. Will there be further strengthening of these annexes following the destruction of Pan Am flight 103?

ANSWER: The recent Special Session of the Council of the ICAO resulted in a number of positive steps, including agreement to expedite the review and implementation of stricter security standards applicable to all international carriers, the decision to expedite research and development on detection of explosives and on security equipment, and agreement to explore the development of an international regime for the marking of explosives and detonation devices to increase detection.

The world's aviation security experts will be conducting a thorough review of Annex 17 and related annexes to the Chicago Convention. I would not want to prejudge the areas in which changes should be made. I do anticipate, however, that Annex 17 and related annexes will be strengthened as a result of this effort.

SENATOR LAUTENBERG: Can the United States unilaterally impose stricter security requirements on airports served by U. S. flag carriers, or on foreign flag carriers that serve the United States?

ANSWER: Section 1115 of the Federal Aviation Act requires the FAA to conduct foreign airport security assessments, using, at a minimum, the security standards contained in ICAO Annex 17. Airports that fail to meet those standards are so informed by the Secretary, and are given 90 days to make necessary improvements. If not made, the U. S. must take additional action to notify the public about the airports' failure to follow prescribed security measures. Ultimately, the U. S. may ban air service to the U. S. from any non-secure airport.

The FAA has broad statutory authority to impose stricter security requirements on foreign air carriers serving the United States (section 316 of the Federal Aviation Act). This authority is conditioned by an additional statutory requirement (section 1102 of the Federal Aviation Act) to act "consistently with any obligation assumed by the United States in any [applicable] treaty, convention, or agreement...." These overlapping provisions mean that any standards in excess of ICAO standards that we might consider imposing on foreign air carriers must be reasonable; must be based upon an actual threat, or heightened threat level that exists for a particular air carrier or class of carriers; and can be unilaterally enforced only in an emergency situation.

SENATOR LAUTENBERG: What do you believe the reaction of other countries or carriers would be if the United States were to undertake such unilateral actions?

ANSWER: Unilateral action by the U. S., requiring foreign airlines operating out of foreign airports to follow the same extraordinary measures we impose on U. S. carriers -- absent the conditions anticipated by ICAO guidelines and the security provisions of our bilateral agreements -- would engender fierce opposition from our foreign aviation partners.

AVIATION THREAT NOTIFICATION

SENATOR LAUTENBERG: Who has primary responsibility for threat assessment -- the State Department or the Federal Aviation Administration?

ANSWER: For U. S. civil aviation operations outside of the United States, the responsibility for assessing threats rests with the FAA, in consultation with the Department of State and all other concerned U. S. agencies.

SENATOR LAUTENBERG: Why weren't the airline passengers on Pan Am 103 notified of a potentially threatening situation?

ANSWER: The issuance of travel advisories to the public has always been the responsibility of the State Department, and I have no reason to question this arrangement. The FAA receives over 500 bomb threats against airports and air carriers annually. Lacking specific evidence to verify the threats, it would be highly disruptive if each one were made public. In this instance, there was no information to investigate in order to determine the validity of the threat. The FAA's basic policy is correct -- that is, parties who have a need to know and who are in a position to act in response to a threat should be notified.

SENATOR LAUTENBERG: Who has the responsibility for notifying the airplane crew that a threatening situation exists?

ANSWER: The FAA security office has a process for advising the involved carriers of threats. Notification of airplane crews is the responsibility of the airline.

SENATOR LAUTENBERG: Can airline crews refuse to work a particular flight, if after a security briefing, it is decided that a very dangerous situation exists?

ANSWER: If an airline crew determines that a dangerous situation exists, a decision on whether or not to work would be made in accordance with the policies of the air carrier.

SENATOR LAUTENBERG: Are there specific rules and regulations that protect airline crews in such a situation, or are these situations covered in labor agreements between carriers and the employees?

ANSWER: Whether or not these situations are covered in labor agreements between U. S. air carriers and their employees, the FAA does not intervene, nor is it notified of such agreements.

AVIATION SECURITY FUNDING

SENATOR LAUTENBERG: The Administration's budget requests additional resources for the security area, specifically 120 additional security personnel. This proposal was formulated before the tragedy over Lockerbie, Scotland. Since then, what have we learned, and is your request still adequate for the job ahead? How do you intend to use these additional personnel? Are they intended for domestic airport inspection, or will they be concentrating on international security?

ANSWER: The 120 additional security people we are requesting in FY 1990 will give us a total workforce of 692, almost three times the level in FY 1985. This level was decided prior to the Pan Am flight 103 tragedy, however, and we are re-assessing staffing requirements to ensure that we have the necessary personnel. If additional security positions are required in FY 1989 or FY 1990, I will not hesitate to reprogram them from other areas.

The 120-position increase includes additional Federal Air Marshals and positions for domestic and international airport and air carrier inspections, intelligence analysis of threat information, air cargo surveys, drug interdiction support to Federal and state law enforcement agencies, and processing of security clearances to accelerate the hiring process for air traffic controllers.

FAA will continue to conduct security assessments of foreign airports aggressively and will expand the use of Federal Air Marshals on U.S. air carriers operating in areas with the greatest threat potential. About 530 foreign airport assessments will be conducted in FY 1990 (28% more than FY 1989) and 1,472 domestic airport inspections (a 3% increase).

SENATOR LAUTENBERG: For the past three years, this subcommittee has provided the funding requested for security related research and development efforts, which has primarily been used for thermoneutron detection equipment and vapor detection. What is the status of those efforts? Will you have the thermoneutron equipment installed in U.S. airports by this summer? (If not, why not?) Has any thought been given to installing this type of equipment in foreign airports? (If not, why not?)

ANSWER: Two thermal neutron analysis devices have been tested at Los Angeles and San Francisco. FAA has awarded a contract for 5 or 6 more, and deliveries are expected to begin June 1989 with all systems operational by January 1990.

A vapor detection system was tested in Boston during October 1988. Because improvements are needed to shorten passenger screening time and increase sensitivity, it isn't likely that a product contract can be awarded before FY 1991.

To protect U.S. passengers, one has to consider putting these devices at foreign airports. However, there are so many issues to explore related to national sovereignty that we have not yet arrived at an official position on this issue.

SENATOR LAUTENBERG: Following the Lockerbie tragedy, the head of aviation security for one of the aviation associations (Air Transport Association) called for Federal funding of increased security measures, especially new equipment. Some of this new technology is quite expensive, such as the thermoneutron detectors for luggage, new passenger portals for both X-ray and vapor detection, and hand-held vapor detectors. If we require new equipment or increased personnel, whom do you think should pay? Has the Administration considered using the aviation trust fund to pay for increased aviation security? Has the Administration considered increasing the international departure tax to pay for security at foreign airports?

ANSWER: The FAA is already paying for the cost of developing the technology for new explosive detection equipment such as thermal neutron analysis and vapor detection. They have tested prototype systems in Los Angeles and San Francisco and six units will be delivered and in operation between June 1989 and January 1990. FAA also tested vapor detection equipment at Boston's Logan Airport in October 1988, and the equipment has been returned to the manufacturer to increase its efficiency.

The cost of obtaining and deploying this new explosive detection equipment on a large scale will be significant. We have formed a special team in the Department to develop and evaluate a full range of options for enhancing security. They will evaluate the need for, and costs of, new equipment, as well as how it could best be financed. I will work closely with the appropriations committees on the findings of this team. This Administration is opposed to new taxes, but several other options are available, including having the airlines include the costs in ticket prices. Regardless of how the equipment is financed, it is clear that passengers will pay for increased security.

AIRPORT AND AIRWAY TRUST FUND

SENATOR LAUTENBERG: The Congressional Budget Office recently reported that the accumulated surplus in the Trust Fund is illusory. That, while it appears private-sector users have paid more into the fund than they have received, the opposite is true. Private-sector users have actually received more because of being subsidized by the general taxpayer. Do you agree with this analysis? (Please elaborate).

ANSWER: We agree with the Congressional Budget Office's recent report that stated that private-sector users have actually received more for aviation then they have paid since much of FAA's costs are being subsidized by the general taxpayer. Even though civil aviation accounted for 85 percent of system use, between 1982 and 1989, the aviation user has paid only 57 percent of FAA's costs and the general taxpayer has paid 43 percent. This is not an equitable allocation, especially when there is a substantial surplus in the Trust Fund.

NATIONAL AIRSPACE SYSTEM (NAS) PLAN

SENATOR LAUTENBERG: Mr. Secretary, I would like to ask a few questions about the NAS Plan. I understand that the Plan's cost estimates have now reached about $18 billion, and GAO believes another $7 billion in modernization costs should be included in the estimate. That is far from the original cost estimate of $12 billion.

In your statement you say you are concerned about the validity of FAA's cost estimates, and you have called for an independent evaluation of the management of the NAS Plan. GAO released a report in November 1988 on the management of the plan. Are you familiar with their findings, and why is another independent evaluation necessary? Who would perform the evaluation and what would it cost? What concerns do you have about the validity of the existing FAA cost estimates?

ANSWER: The GAO report covered a number of issues including recommendations to set priorities for NAS Plan investments and to reflect broader concerns such as airport and airspace utilization. GAO also noted schedule slippage and changes in the cost of the NAS Plan. The GAO audit of the schedule slippages was fairly accurate (an average of about 2.5 years for major projects). Their statements about NAS Plan costs were, however, somewhat misleading because they were based on an assessment of all potential capital spending between 1982 and 2000. The NAS Plan costs will be assessed by an internal working group to determine whether the current NAS Plan and other capital spending estimates are current and what the necessary level off future investment ought to be after 1992. This will be done within existing resources.

In parallel there will be an internal FAA effort to determine what changes to the NAS plan are desirable and what tradeoffs are feasible to meet NAS Plan goals. The 1990 budget contains $6.7 million for this evaluation effort.

We must know that the NAS Plan can buy the equipment necessary to accommodate growing air traffic demand, and that the funds will be used for prudent and timely investments.

SENATOR LAUTENBERG: Although your predecessor complained about the funding levels provided for the NAS Plan by Congress, we continue to see funding deferrals of approximately $1 billion for the account facilities and equipment. Do you plan to cover this aspect in your review of the NAS Plan? If not, given the increasing costs of operations, increased demands to fund greater security efforts, and the increasing costs of the NAS Plan, shouldn't you conduct such an analysis?

ANSWER: Within the Office of the Secretary and FAA, we are carefully reviewing the carryover balances in Facilities and Equipment. It is important to note that carryover balances result from a budgeting technique that has been endorsed by both Congress and the Office of Management and Budget. This technique called, "full funding," requires DOT to request all the funds necessary for insuring that equipment purchased can become fully operational without any additional requested funding. Since the production of the equipment, site engineering and preparation, and installation and testing may be spread over five years, it is perfectly normal to have carryover. Without carryover, we might have equipment delivered and no funds to install it. We do need, however, to examine these balances very carefully to ensure that they are kept to the very minimum necessary.

OCEAN POLLUTION (MARPOL V)

SENATOR LAUTENBERG: Mr. Secretary, I am very interested in the status of your MARPOL, Annex V regulations. The International Convention for the Prevention of Pollution from Ships, and Annex V of the 1978 Protocol to the Convention, established a framework for international regulations for prohibiting or regulating discharges into the ocean of all types of garbage, including all plastics. Annex V was effective December 31, 1988, following Senate ratification November 5, 1987. What is the status of promulgating regulations to restrict ocean pollution? We understand that these regulations are being reviewed in the Department. Do you know of any specific concerns?

ANSWER: The final draft rule is in my office for transmittal to OMB for approval. I cannot address any of the specific issues prior to issuance of the draft rule. The full range of public concerns will be addressed.

SENATOR LAUTENBERG: Are other implementation actions planned? For example, will the enforcement of Annex V for recreational vessels be possible under the regulations to be issued, or do the states still lack authority?

ANSWER: Annex V of MARPOL does apply to recreational vessels, as will the regulations to be issued to implement Annex V. Annex V provides no enforcement authority to the states, although nothing prevents states from enacting legislation to protect waters under their jurisdiction.

SENATOR LAUTENBERG: President Bush has stated that he is going to direct the Coast Guard to take a leadership role in upholding and enforcing provisions of international ocean pollution treaties and conventions which restrict shipboard disposal of garbage and persistent marine debris. What are you doing, or what is the Coast Guard doing, to respond to this direction?

ANSWER: The Coast Guard has primary U.S. responsibility for reducing the potential for pollution spills that threaten the marine environment, minimizing maritime pollution damage, and conducting maritime pollution control planning.

In FY 1990 Coast Guard will spend $166 million of Operating Expenses in support of marine environmental protection, up from $147 million in FY 1989. In addition to existing responsibilities, the budget will support several recent initiatives aimed at reducing the pollution of our beaches and coastal waters. The Coast Guard is also developing regulations to ensure the availability of adequate port/terminal facilities to receive shipboard-generated waste. The Coast Guard is working to implement the Shore Protection Act, under which they will issue permits for, and monitor, the waterborne transport of municipal wastes and other materials.

The Coast Guard operates the National Response Center 24 hours-a-day to receive reports of oil and hazardous material incidents, and maintains two Strike Teams ready at any time for immediate, worldwide airborne response to spills. All Coast Guard units remain alert to potential and actual pollution incidents while carrying out other missions, and are trained to respond. The Coast Guard operates the Ocean Dumping Surveillance System (ODSS), an electronic "black box" system developed through Coast Guard research, to monitor the activities of barges transporting sewage sludge to the EPA-designated offshore disposal site 106 miles southeast of New York Harbor.

BEACH POLLUTION

SENATOR LAUTENBERG: Mr. Skinner, we have had a difficult time dealing with ocean and beach pollution in New Jersey and in the Northeast in recent years. Discharges from garbage or sludge barges; deposition of medical waste on new Jersey beaches; oil spills and other hazardous waste spills; and the category of pollution referred to as "marine floatables" have all played havoc with our marine and beach resources.

What conclusions can be drawn from the numerous investigations of last year by the EPA, FBI, Coast Guard, and state and local agencies, concerning pollution from "marine floatables"? Did any of the investigations involve grand jury actions or result in any indictments?

ANSWER: Studies were conducted by the EPA and the states on sewer/storm drain overflows, resuspension of debris from the ocean bottom caused by high tides, and municipal/commercial waste at trash transfer facilities in New York Harbor. Medical wastes (syringes etc.) are not a commodity the Coast Guard is charged with regulating. That responsibility lies with state and local agencies. Wood debris which caused the closure of beaches and injury to swimmers last summer was identified as originating from pier collapse and renovation projects within the New York/New Jersey harbor areas. While it is possible that some illegal dumping was taking place, it was not identified as a significant factor in comparison to the other sources. There were no specific instances of illegal ocean dumping identified along the New York/New Jersey coast.

The Attorney General of New Jersey is suing New York City over its procedures for handling municipal/commercial waste destined for the landfill on Staten Island. He is also investigating the possible illegal dumping by another waste hauler. However, we have no specific information concerning those cases.

SENATOR LAUTENBERG: Has the Coast Guard reported any cases of overboard discharges of floatables to the EPA for further action? Is this the result of lack of effort on the Coast Guard's part? Will you review the Coast Guard's level of effort and report back on whether you feel that level is adequate?

ANSWER: The Coast Guard, not EPA, has primary Federal enforcement responsibility and would, therefore, not report cases to EPA for action. The Act by which the United States ratified the MARPOL Convention limiting the marine discharge of shipboard-generated floatables only became effective at the end of December 1988. The draft final rule is in my office for review prior to being transmitted to OMB for approval. It is too early to tell what problems Coast Guard will face in implementing the law. A report on the success of Coast Guard's enforcement efforts is required to be submitted to Congress in December 1989. In the interim, I am confident Coast Guard will approach this new responsibility with the same dedication they bring to all of their duties.

SENATOR LAUTENBERG: Your Coast Guard budget proposes an increase of $18.9 million (+14%) over 1989 appropriations to date for marine environmental protection. What types of activities will be funded with the increase? Will any of these activities be targeted at "marine floatables"? Can you provide some examples? Will any of the increase be devoted to the New Jersey/New York harbor or bight area?

ANSWER: Your estimate of increase for marine environmental protection in the FY 1990 Coast Guard budget request does not take into account the fact that for 1989 Congress provided Coast Guard $140 million of services-in-kind from the Department of Defense. The estimated increase in Operating Expenses funding of marine environmental protection amounts to approximately $9 million, an increase of about +6%. In addition to existing responsibilities, the budget will support several recent initiatives aimed at reducing the pollution of our beaches and coastal waters.

Coast Guard is expected to issue an Interim Rule shortly to implement the Marine Plastic Pollution Research and Control Act, prohibiting marine discharge of plastics and limiting discharge of other shipboard-generated materials. Coast Guard is developing regulations to ensure the availability of adequate port/terminal facilities to receive shipboard-generated waste.

Coast Guard is working to implement the Shore Protection Act, under which they will issue permits for, and monitor, the waterborne transport of municipal wastes and other materials. Coast Guard is part of a comprehensive action plan addressing floatables in the New York/New Jersey area, including both states, EPA, and the Corps of Engineers. Coast Guard's involvement includes both water- and airborne surveillance and reporting responsibilities. The Captain of the Port of New York will be working with EPA to conduct random spot checks of sludge transfer barges to insure compliance with new permit provisions being issued by EPA.

Finally, the FY 1990 budget includes funding and FTEs to annualize the FY 1989 increase of 23 positions and 12 FTEs to ensure compliance with MARPOL. Three of these additional people are specifically slated for the New York harbor area.

SENATOR LAUTENBERG: When does the Coast Guard propose to relocate to the top of the World Trade Center the antennae used for monitoring sludge barges? Will that permit 100% monitoring of the barges to and from the sludge dumping area 106 miles off the coast?

ANSWER: The current estimate is that the relocation will take place by the end of June 1989. Before this can take place, however, the World Trade Center building management has told the Coast Guard that they want an independent contractor to evaluate the impact the weight of the Coast Guard antennae would have on the building's support structure, and to evaluate the impact of wave propagation from the Coast Guard antennae on other antennae on the building.

When installed, the antennae will permit 100% monitoring of the barges to and from the sludge dumping area.

SENATOR LAUTENBERG: The sludge barge monitoring system (referred to as the "black box") has had several operating problems resulting in one or more sensors inactive at any one time. What efforts are being made to correct these problems?

ANSWER: The Coast Guard has experienced two types of problems with the Ocean Dumping Surveillance System (ODSS): (a) The remote units on 6 out of 12 barges have experienced a series of failures that were traced to voltage level fluctuations from the vessels' power generators; and (b) the pressure sensors used to detect a change in draft of the dumping vessels have failed on four of the barges equipped with ODSS.

The voltage problems were resolved in August 1988 and the vessels have made numerous trips to the 106 mile site without additional failures. The cause of the pressure sensor failures has not been isolated at this point. The Coast Guard engineering support team is in the process of arranging to have several of the sensors removed (requiring drydocking a vessel) and returned to the manufacturer to determine possible remedies.

RELATIONSHIP OF DRUG CZAR TO DOT

SENATOR LAUTENBERG: In the case of the proposed FY 1990 budget for Department of Transportation agencies, and in particular for the Coast Guard, what role has the "drug czar" played in setting or reviewing agency drug control objectives and priorities and approving budget proposals?

ANSWER: The "drug czar" played no role in the Department's FY 1990 budget development. The Department did, however, reflect the control and interdiction strategies developed last year by the National Drug Policy Board in developing its FY 1990 budget. For example, the budget includes additional resources for land-based aerostats and E-2C aircraft that directly support the Coast Guard's interdiction plan as incorporated in the Drug Board strategies.

SENATOR LAUTENBERG: Do you foresee any problems, including potential loss of managerial flexibility and discretion, in the policy and budget coordination authority given to the "drug czar?"

ANSWER: We do not anticipate any problems in our relationship with the drug czar, but it is not yet clear exactly how coordination between the Department and the drug czar will work. The drug czar will have extensive powers, including the ability to recommend to the President changes in departmental activities involved in the war on drugs. While this may require some management adjustments on our part, we look forward to continuing the close spirit of cooperation we have enjoyed with the National Drug Policy Board.

AMTRAK

SENATOR LAUTENBERG: In your statement, you say that "...our goal, in fact, is to build a strong rail passenger system that is self-sufficient for the long term." How do you propose to accomplish your goal while providing no grants to Amtrak in 1990?

ANSWER: Amtrak has made progress in reducing its subsidy requirements over the past few years. The Administration's budget proposal for Amtrak is based on the belief that, with proper incentives, Amtrak can further reduce its subsidy requirement without sacrificing the rail passenger service that is so important to this nation's transportation network. Rather than continuing to support operating losses of more than half a billion dollars per year, the Federal approach to Amtrak funding must provide incentives to increase operating efficiency and reduce the requirements for Federal subsidies.

We are exploring a variety of legislative and management options to help Amtrak to maximize its revenues (from both rail operations and real estate), reduce its operating costs, finance its capital and infrastructure needs, and take other measures to structure an efficient and self-sufficient rail passenger system. We will work closely with Amtrak and Congress to structure realistic proposals to help achieve these goals.

SENATOR LAUTENBERG: Amtrak's position, I believe, is that capital expenditures for new rail passenger cars produce a net income stream, even taking into consideration debt service which may be incurred. Have you reviewed the cost-effectiveness of investments in new rail passenger cars? If Amtrak's projections are accurate, would you support additional rail passenger car acquisitions?

ANSWER: In general, newer and larger cars have the potential for increasing revenues and decreasing operating costs, especially when they replace older cars that have high maintenance costs. Several years ago, FRA reviewed Amtrak's justification for the purchase of three prototype cars prior to the replacement of Amtrak's Heritage Fleet. FRA concluded that there was sufficient justification to go ahead with the prototype testing phase. FRA also approved acquisition of 100 aluminum cars financed through private sources in FY 1988. Amtrak has not yet submitted a proposal for its fleet replacement. We will review the cost effectiveness of that proposal when we receive it, and base our decision on the results of that analysis.

FEDERAL ROLE IN TRANSIT

SENATOR LAUTENBERG: Secretary Skinner, under the budget proposed, New Jersey is particularly hard hit in the transit area. No funding for Amtrak means more congestion and thousands of commuters stranded. The reduced transit levels would mean New Jersey losing nearly $1.4 million in formula funds, and approximately $35 to $40 million in capital grants; and in the highway area the State would lose approximately $15 million in formula funds.

How do you propose that I "sell" this proposal to the citizens of New Jersey?

ANSWER: Certainly no one wants to be the bearer of bad news, and under the proposed restructuring of the transit program, New Jersey would face a net decrease in federal funds available for transit. Many states will have to set priorities for their transit needs. Local areas will have to look at other sources of funds, and consider the costs and benefits of repairing, replacing, or in fact, abandoning certain parts of their systems where usage no longer warrants a continuing service with capital intensive facilities. Chicago was able to do this, although it required some very tough decisions.

The present budget proposal will provide a significant funding contribution from the Federal government, given budget realities, to assist local areas in dealing with these problems. The cuts are focused on elimination of operating assistance and on discretionary capital funding. The program proposed will still provide a substantial amount of capital funding for large cities.

SENATOR LAUTENBERG: Mr. Secretary, given the previous administration's yearly "low balling" of funding for transit, I would like to ask what you believe is the appropriate role for the Federal government regarding transit funding?

ANSWER: Mass transit is an important part of the transportation system in this country, especially in larger cities. In the largest cities, transit serves one-half of central area work trips (over 80 percent in New York). In smaller urban areas and rural areas, transit is much less important in serving work trips, but provides basic mobility to those without access to an automobile. The variation in importance suggests that transit is primarily a state and local issue, not a Federal one.

Traditionally, public transit was a local function. It is only during the last twenty-five years or so that the Federal Government became involved. We need to return a great part of the responsibility to state and local governments. The Federal role should be to provide funds mainly for capital and with a matching ratio that encourages wise investment. Too often in the past, easy availability of Federal funds has caused investments that were not cost effective and of minimal value to the users of transit. Furthermore, federal operating subsidies have spawned inefficiencies in the operation of local transit services.

Any Federal role should be focused on maintaining an infrastructure that will assure a basic level of mobility, not at providing major investments designed to foster development or to provide premium levels of service.

ROLE OF TRANSIT IN IMPROVING AIR QUALITY

SENATOR LAUTENBERG: It was recently reported that 150 cities in this country do not meet existing air-quality standards. To me that is a national problem. Since over half of the carbon monoxide problem is caused by auto emissions, don't you think that the Federal government should play a part in reducing these emissions and encouraging greater transit usage?

ANSWER: Air quality concerns are part of the local transportation planning processes required for receiving Federal highway and transit grants. Local governments have the final decision on what projects will best meet the mixed goals of relieving transportation congestion, cost efficiency, and air quality improvement. Nevertheless, the Federal Government has encouraged local efforts to promote air quality. Unfortunately, major investments in new transit facilities have not proven to be, by themselves, very effective in reducing traffic related pollution emissions.

ELIMINATION OF OPERATING ASSISTANCE

SENATOR LAUTENBERG: Do you believe that operating assistance should be eliminated for cities of populations greater than one million?

ANSWER: It should be eliminated for all cities over 200,000 in population not just one million. Easy availability of subsidies has discouraged the adoption of more equitable and higher yielding fare structures. Large urban areas need to reexamine their needs and establish a competitive market for meeting them.

LOCAL MATCH FOR TRANSIT

SENATOR LAUTENBERG: It has been reported that you favor changing the Federal/local matching ratios for the transit programs. Which ones, and how would you amend the existing ratios?

ANSWER: From 1965 to 1984, State and local contributions to transit increased ninefold in constant dollars and their 1985 contribution of $5.3 billion for operating expenses was six times the Federal contribution. This demonstrates that these governments have the will to support transit. Despite these increases, the total level of State and local support for transit amounts to less than 2 percent of combined State and local expenditures. This suggests room for more involvement, consistent with transit's role in each State and locality.

A higher local match would also ensure that the funds are used in a more judicious manner. But State and local governments need incentives to pay a higher matching share of project costs. For example, we could provide expedited funding and less Federal oversight for projects in which the local share is over two-thirds or three-quarters of project costs. Our FY 1990 budget proposes increasing the local match on capital grants from 20 to 50 percent.

DRUNK DRIVING

SENATOR LAUTENBERG: The Drunk Driving Prevention Act of 1988, legislation I authored, was enacted into law last November, as part of P.L. 100-690. Under that law, a new "section 410" program was established to encourage states to adopt tough drunk driving laws. In correspondence, the Department has indicated that it plans to meet the statutory deadlines imposed by the law, and it appears that a number of states may, indeed, be eligible for "410" funding in FY 1990. Will you, as Secretary, work to expedite the regulatory procedures concerning the Drunk Driving Prevention Act program?

ANSWER: The Act requires us to issue proposed implementing regulations for the Section 410 program by May 18, 1989, and a final rule by November 18, 1989. Although that is a tight timetable, we plan to meet the statutory deadlines.

SENATOR LAUTENBERG: Is the Department reassessing its plans not to fund the "410" program in FY 1990?

ANSWER: We will not be certain of the number of eligible states until we complete the rulemaking process and review the states applications. When this information is collected and analyzed, we will be in a position to make a determination regarding possible funding requirements. As you are aware, the anti-drunk driving effort is an important priority of this Administration and we look forward to working with you to implement this program.

SENATOR LAUTENBERG: Assuming that final regulations are in place no later than early FY 1990, and some states are found to be eligible for funding, how will the Department meet its obligations under P.L. 100-690?

ANSWER: We intend to comply fully with the applicable provisions of P.L. 100-690. However, it is important to note that P.L. 100-690 provided only the authorization for the Section 410 program. As stated previously, we must first complete the rulemaking process to establish the eligibility criteria and then review any state applications for the Section 410 grants before we can project what resources are needed. At that time we will be able to recommend the optimum program design and funding levels to help combat drunk driving. Please be assured that we are very anxious to work with the committee on this matter.

SPEED LIMIT

SENATOR LAUTENBERG: The January 1989 report issued by the Department on the effects of the 65 MPH speed limit indicates that speed kills. Yet, there may be efforts by Congress this session to completely remove the Federal Government from monitoring and enforcing the existing speed limits. What do you think of this effort? Do you believe the Federal Government should require States to continue to collect data regarding speed limit compliance, and to report that data to the Federal Government? What do you believe is the appropriate level of Federal involvement in this area?

ANSWER: The inclination of this Administration is to allow the States more, not less, regulatory authority, and we will work closely with the States. Congress signaled an intent to review the existing laws on the speed limit issue with enactment of Section 351 of P. L. 100-457. That provision effectively prohibits the Department from enforcing the speed limit compliance statute against the States using speed data collected in fiscal years 1986, 1987 and 1988. The current speed limit compliance and sanction process is badly in need of revision, and I will be looking into these issues. We intend to keep a close eye on results of the higher speed limit. As we gain more experience, we will keep the Committee informed, and will make whatever recommendations are necessary to assure and monitor public safety.

AVIATION SECURITY

SENATOR LAUTENBERG: It is my impression that these annexes are minimum requirements and that they could be made a lot stronger. What is your assessment? Which of these annexes would you like to see strengthened, and why?

ANSWER: One of the primary functions of the Council of the International Civil Aviation Organization (ICAO) is to direct the formulation and amendment of minimum international "Standards and Recommended Practices" (SARPs) and incorporate them as Annexes into the Chicago Convention which created ICAO. A standard is a required practice or procedure that is deemed necessary, while a recommended practice is desirable but not a necessity.

Annex 17 covers aviation security; its objective is the "safeguarding of international civil aviation against acts of unlawful interference". The SARPs in Annex 17 establish minimum measures that Contracting States are expected to follow regarding the organization of national security programs, the operation of airports and other aviation facilities, and the establishment of air carrier security requirements. They also deal with information exchanges and reporting requirements.

Annex 17 has already been amended six times. Another set of amendments is currently being considered by ICAO, many of which are organizational in nature. Perhaps the most important proposal deals with the need to keep a hijacked airplane on the ground in accordance with a recently adopted ICAO Council policy.

Implementation of the SARPs is the responsibility of the Contracting States. SARPs tend to be general in nature and, in most cases, do not specifically describe measures that should be taken. However, detailed procedures and specific guidance are contained in the ICAO Security Manual and other sources.

The primary U.S. objective in ICAO has been to strengthen these SARPs. We believe that certain standards could be refined and made more explicit, such as Standard 3.1.6 which requires states to impose security measures in response to the level of threat. In other cases, we might want a Recommended Practice to be converted into a Standard. We are working on these issues in ICAO through the Committee on Unlawful Interference and its Aviation Security Panel, as directed by the Resolution adopted by the ICAO Council at the Special Session held in Montreal in February.

SENATOR LAUTENBERG: The former Director of Security for El Al Airlines stated on a recent news show (Nightline, February 17) that U.S. airports and airlines are very vulnerable to terrorist actions. (More specifically, that there is no security.) Do you agree?

ANSWER: No, we most emphatically do not agree, particularly with the claim that there is no security. The FAA and the airlines together have erected a significant level of security countermeasures, particularly at the higher risk airports in Europe and the Middle East. As for the vulnerability of U.S. air carriers, we believe that the measures erected are sufficient for the level of threat. While the threat may be substantially different for U.S. carriers relative to others, it is still much lower than the threat for El Al flights. We are, however, continually monitoring the need to strengthen security requirements, especially at high risk locations.

SENATOR LAUTENBERG: A particular problem seems to be checked baggage at curbside, which does not allow pieces of luggage to be matched up with the actual passengers boarding a particular flight. How do we balance convenience with security?

ANSWER: The FAA has not permitted curbside check-in of luggage to international destinations since 1985. In addition, U.S. air carriers are required to match international passengers and their baggage in accordance with ICAO standards and FAA requirements.

The level of threat for domestic flights of U.S. carriers is not the same as that for international operations. Therefore, curbside check-in of luggage is permitted. This would be prohibited immediately if the threat warranted such a change.

SENATOR LAUTENBERG: Recently, proposals have been made to either limit the number of pieces of electronic equipment or to require that they be allowed only in carry-on baggage. What do you think of these proposals? How have the recently announced requirements regarding computerized access control to certain airport areas been received by the airports and the carriers?

ANSWER: We are carefully considering the problems posed for security by the carrying of electronic equipment in both checked and carry-on baggage. At the moment, our airlines are subjecting both to rigorous screening. We are contemplating at this time whether additional measures need to be taken.

Airport operators and air carriers have applauded the intent of the recently published amendment to Part 107 of the Federal Aviation Regulations which requires systems, methods, or procedures to improve airport operators control of access to airport secured areas. However, they have voiced concerns about the time allowed in the final rule for implementation and preparation. Airport operators also claim that the FAA underestimated the costs associated with this new requirement.

The FAA believes that the final rule which amended Part 107 allows airport operators much more flexibility in implementation than what was proposed initially. Such flexibility will reduce the costs associated with the final rule and will allow airport operators to develop the systems, methods, and procedures most appropriate to individual airports. The FAA is confident that this amendment to Part 107 will significantly enhance the control of access to secure areas of U.S. airports. Accordingly, the FAA will continue to work with airport operators to ensure the most effective, efficient implementation of the new requirements.

AIRPORT AND AIRWAY TRUST FUND

SENATOR LAUTENBERG: Mr. Secretary, what leads you to believe that the authorizing committees will agree to waive the penalty provisions, and allow approximately 43% of FAA Operations (nearly $1.8 billion) to be funded from the trust fund?

ANSWER: Rather than requesting the authorizing committees to waive the penalty, the FY 1990 budget proposes appropriation language which provides that the amount of FAA Operations to be financed by the Trust Fund should equal the estimated costs of operating the air traffic control system. The Trust Fund currently provides funds to modernize air traffic control equipment, support airport safety and capacity projects, and undertake aviation research. We believe that the operating cost of the air traffic control system is a legitimate charge to aviation users and therefore, at a minimum, this portion of FAA's operating costs should be funded from the Trust Fund.

Under the penalty provisions of the 1987 legislation, with our proposed funding for the capital programs, only about $950 million of FAA Operations would be financed from the Trust Fund. The budget proposal of $1.75 billion Trust Fund financing of Operations is about the same level that would result from applying the statutory formula without the penalty.

The general taxpayer has been unfairly subsidizing the costs of aviation for years. Virtually all of the $6.9 billion uncommitted cash balance in the Trust Fund is attributable to the penalty provision, forcing most of the Operations costs to be financed from general revenues rather than the Trust Fund. Although civil aviation accounts for about 85% of system use, over the eight years ending in FY 1989, the aviation user has paid only 57% of FAA's total costs and the general taxpayer has paid 43%. This is not an equitable allocation, especially when there is a substantial surplus in the Trust Fund.

AIRLINE COMPETITION

SENATOR LAUTENBERG: There's growing concern about the state of our commercial aviation system today. In the wake of a series of mergers and acquisitions, market concentration is roughly what it was prior to deregulation. Studies are showing that, where concentration is high and competition low, fares are increasing. What concerns do you have about the increased concentration in the airline industry?

ANSWER: The Department is concerned about preserving and enhancing the competitive environment that deregulation brought to the airline industry. Market concentration should be monitored very closely. But while market concentration among the major airlines is indeed roughly what it was before deregulation, there is a world of difference between the industry's structure then and what it is today. Before deregulation the major airlines tended, for the most part, to have a strong presence in only one or two regions of the country where they found only nominal competition, if any, from other airlines. Today, most of the majors are true national airlines, providing service throughout the country and, more important, providing competitive service in virtually all major markets. Nevertheless, concentration is a concern and is something the Department will watch carefully.

SENATOR LAUTENBERG: Do you intend to take another look at the results of previous studies made by the Department on the results of reduced competition in airline fares and services, such as the one on the St. Louis airport?

ANSWER: Yes. The recently established Task Force on Competition in the Airline Industry will expand that kind of analysis to all major airports where there is a high level of carrier concentration.

SENATOR LAUTENBERG: In many cases, one airline controls a high percentage of gates and slots at a given airport. Are you concerned that such situations represent barriers to entry that restrict new entrants?

ANSWER: Yes. That is another area that the Competition Task Force will look into.

SENATOR LAUTENBERG: Have antitrust and anti-competition laws and regulations been adequately enforced under deregulation?

ANSWER: The Department is not aware of any clearly inadequate enforcement of antitrust and anti-competition laws since deregulation but that's a judgment I would want to reserve until I have been able to review the results of the Competition Task Force's investigation.

SENATOR LAUTENBERG: Are there changes in the Deregulation Act or Federal regulations covering deregulation that you feel would help make deregulation more effective, and keep it viable?

ANSWER: At this time there are no changes recommended in the Airline Deregulation Act itself. There are regulations that help implement the objectives of that Act and they are under review as to their effectiveness. For example, the Department is currently looking at certain aspects of DOT rules governing Computer Reservation Systems. The entire CRS rule is up for renewal in 1990 and before action is taken the Department will be looking at all aspects of it.

AIRLINE CONSUMER PROTECTION

SENATOR LAUTENBERG: Is the Department conducting any investigations of airline advertising practices?

ANSWER: Problems involving airline advertising practices make up a very small percentage of total airline consumer complaints received by DOT. For instance, in calendar year 1988 DOT's Aviation

Consumer Office received a total of 23,844 complaints; of those, 164 were categorized as advertising complaints. This represents less than seven tenths of one per cent (0.7%) of all complaints. Only a small portion of the 164 complaints involved potential advertising violations, i.e., deceptive practices. Often, when our analysts contacted the complainants, the consumers realized that they had not read the ads carefully.

Nevertheless, DOT is concerned that consumers receive accurate information as well as adequate disclosure of relevant terms in airline advertisements. The Investigations Division in the Office of Assistant Secretary for Governmental Affairs monitors airline ads in major media markets on an on-going basis. Analysts in the Consumer Affairs Division will contact airlines on those infrequent occasions when substantive issues appear to be involved. Often, it is a typographical error or similar problem. Carriers are quick to make corrections and, through an informal resolution process with DOT staff, generally will transport complainants at the advertised fare or under the conditions originally stated in the defective ad.

Even when substantive issues are in dispute, DOT will first endeavor to resolve differences informally. A recent example involves Continental Airlines' "Couch Potato" ads. The carrier promoted low fare service to numerous cities but failed to disclose that many of the fares were only available for a relatively short period of time. After informal discussion by telephone, Continental agreed to add a statement clarifying the limited availability.

In some cases informal efforts are not appropriate; carriers may be intransigent and violations may be egregious or repetitive. Formal legal action taken by the General Counsel's office may be used to bring carriers into compliance and assess civil penalties. For example, in 1988 the Department issued a consent order against TWA for misleading newspaper advertisements; the carrier agreed to stop the offending ads and to pay compromise civil penalties in the amount of $25,000. (Order 88-0-4-63). In a similar case Continental Airlines paid civil penalties of $9,500. (Order-88-8-3). Currently, the General Counsel's office is negotiating with another major air carrier to settle another case involving certain advertising practice problems.

SENATOR LAUTENBERG: Are you satisfied with the resources devoted to consumer affairs matters and the amount of effort devoted to investigation and enforcement?

ANSWER: The current level of resources is adequate to perform an appropriate level of investigations and enforcement. The number of consumer complaints established a record in 1987 when just under 45,000 complaints were registered. During that period staffing was supplemented with temporary employees detailed from other units in the Department. Steps such as introducing a limited number of form letters were also taken to increase the efficiency of processing complaints.

The number of complaints dropped significantly in 1988, although they remained roughly double what they were prior to 1987 (24,000 complaints in 1988 vs. 13,000 in 1986); efficient complaint handling methods and one remaining detailee permit the staff to keep pace with the current workload. For the twelve months ending March 31, 1989, 99.7% of all cases received had been acted on and closed.

Likewise, in the area of enforcement our staff has been able to respond to increasing workloads where necessary. In 1987 when the level of consumer complaints and violations of our rules peaked, the

Department assessed record levels of civil penalties and settled a number of unrealistic scheduling cases.

Overall, our resources remain adequate. In making decisions on the allocation of resources, the emphasis at DOT has been, and will continue to be, on bolstering our oversight of safety related activities, such as those functions performed by the FAA.

SENATOR LAUTENBERG: How does the Department coordinate with the states?

ANSWER: Where allegedly deceptive aviation practices are very localized in nature and the violations may involve fraud or other criminal activity, we contact local authorities to enlist their involvement. Where the unlawful practices are national or regional in character and involve a failure to comply with our regulatory requirements, we typically do not attempt to coordinate with state or local authorities since this would likely delay enforcement action with little, if any, public benefit.

State authorities occasionally do contact the Department with airline consumer protection problems and we are often able to resolve those problems with the airlines. Information we receive from states also may form the basis for enforcement investigations by the Department. However, where a local activity involves violations of state law but the state will not pursue the matter, we are unlikely to pursue civil remedies in a Federal administrative proceeding. If the state most affected is unwilling to prosecute in such a case, we question whether the case warrants the expenditure of Federal resources better devoted to national problems.

Recently two states have instituted enforcement cases against major air carriers for allegedly deceptive fare advertisements that are of a kind published nationally. The state attorney generals were aware that the Department did not believe those kinds of ads were deceptive. This situation highlights the fact that irrespective of the degree of coordination, different state and Federal enforcement officials will not always agree on whether a particular activity, and especially an advertisement, involves a deceptive practice.

FOREIGN REPAIR STATIONS

SENATOR LAUTENBERG: Secretary Skinner, much attention is being focused on the FAA's revised regulations governing the use of foreign repair stations by domestic airlines. Some of the concerns have focused on the FAA's ability to adequately oversee work performed at new foreign repair facilities, to provide adequate assurances of security, and to protect against a unilateral loss of jobs. In light of these and other concerns, does the Department intend to revisit the foreign repair station regulations?

ANSWER: The Department continues to believe that the best course of action is the implementation of the Final Rule as published. The Department's regulation of foreign repair stations has been, and will continue to be, motivated solely by safety considerations. We are committed to regulating this activity in a manner which ensures the complete safety of the aircraft and components involved, yet also eliminates any unnecessary and unintended trade barriers.

As far as the safety issue is concerned, there is really no justification in terms of regulatory policy for distinguishing between original equipment manufacturers (OEMs) and non-OEMs, or between U.S. or foreign repair stations. The only distinction should be between stations qualified by the FAA to do the work and those which are not, wherever they are located. Only qualified foreign repair stations will be certified. As far as security is concerned, we do not believe that there are any security concerns that cannot be handled.

SENATOR LAUTENBERG: According to the information published with the notification of the final rule, there is currently a ratio of about one inspector for every nine domestic repair facilities. What is the current ratio for foreign repair facilities? Under the new regulations, are there minimum staffing requirements?

ANSWER: In the final rule, the FAA indicated that there were approximately 4-1/2 domestic repair stations per inspector. Currently, there are 274 certificated foreign repair stations and 18 "full time equivalent" aviation safety inspectors assigned to certificate and oversee these facilities. This represents a ratio of approximately 1 inspector for every 15 foreign repair stations. While this figure may appear high when compared to the ratio for domestic repair stations, inspectors responsible for domestic repair stations also perform substantial domestic certification and surveillance activities for air operators, airmen, aircraft, and other air agencies. Conversely, inspectors overseeing foreign repair stations are assigned repair station duties almost exclusively.

The new regulations do not contain specific staffing requirements. The FAA is in the process of adapting the aviation safety inspector occupational staffing standards to international work.

SENATOR LAUTENBERG: Has the Department projected its needs for increased resources in anticipation of new applications for certification, and for oversight of facilities certificated under the new regulations? What are those projections?

ANSWER: The FAA estimated that, if an additional 200 facilities applied for certification, and the number of repair stations per inspector were the same as in the domestic case, it would require an increase of up to 44 inspectors. The amount of any required increases will be determined by the numbers and locations of applicants. As of April 14, approximately 100 foreign facilities had expressed an interest in repair station certification.

The FAA has issued guidance material to ensure that the certification of foreign repair stations will not exceed the FAA's ability to oversee these facilities.

SENATOR LAUTENBERG: It's my understanding that the fees charged to foreign facilities for certification by the FAA are placed in the general treasury and do not go to directly offset FAA costs. What are fees currently, and how does the FAA establish them? Has the Department ever submitted, or is it now submitting, proposals to allow for direct cost recovery?

ANSWER: Part 187 of the Federal Aviation Regulations (14 CFR Part 187) specifies the schedule of fees for certification services performed outside the United States on behalf of foreign nationals. Foreign repair stations are charged $47 for each technical hour and $14 for each clerical hour expended by the FAA for processing an application for certification. This includes an initial certificate, renewal, or added rating.

Fees for certification of foreign nationals were established in 1981 and were derived from total certification costs. They include direct and indirect labor costs, overhead costs, interest recovery, depreciation, and space rental costs, where appropriate. The total fiscal year 1981 operations and maintenance costs of certification activities, including overhead, were determined. Then the hourly costs of both technical and clerical services were established. The technical hourly cost includes attendant costs such as correspondence and report writing, travel, and direct technical time spent on certification.

The fees charged to foreign nationals for certification activities have not been revised since 1982. Therefore, the FAA has initiated a rulemaking effort to revise these fees. The hourly rates charged for technical and clerical work in connection with repair station certification are being reviewed as part of this rulemaking effort.

The Department has not proposed that funds received from user fees charged for foreign repair station activities be credited directly to the agency's appropriation for operating expenses. At a minimum, we would prefer that such user fees be treated as proprietary receipts which are counted as offsets against the Department's budget. We are evaluating the concept of directly crediting the fees to the appropriation.

AIR TRAFFIC CONTROLLER STAFFING

SENATOR LAUTENBERG: Mr. Skinner, over the years, I've been very concerned about the shortage of fully qualified air traffic controllers in our towers and centers. Everyone keeps talking about system capacity. Well no matter how much capacity you've got, if you don't have the people to direct the traffic, things aren't going to improve. They are a cornerstone of our aviation safety system.

Since the 1981 PATCO strike, the Reagan Administration tried to rebuild the workforce. Year after year, the Administration assured this Subcommittee that the rebuilding was on target — that everything was under control.

Unfortunately, the facts don't bear that out. The FY 1990 budget proposal calls for 695 new controllers. But this is deceptive. Rather than moving ahead, we're barely treading water.

Let's look at the numbers. According to the information provided by the FAA, between September 30, 1988 and January 31, 1989: Full performance level controllers fell by 301, from 9,858 to 9,557. Total controller workforce fell by 114, from 16,436 to 16,322. How many of the 695 proposed new controllers will simply replace current controllers who retire or just leave.

ANSWER: The 695 position increase in FY 1990 will cover expected air traffic growth through 1992 when these controllers are expected to be at the full performance level, to allow for orderly transition to the new sector suites which will start to become operational in 1992, and the transition in the terminal staffing standard from the 50th percentile to the 90th percentile. None of the 695 increase is to replace retirees. All replacements would be covered by the existing level of authorized positions.

SENATOR LAUTENBERG: In 1981, we had about 13,000 FPLs. Since then, air traffic is up about 50 percent, but we've got roughly 3,500 fewer FPL's. Can you say that we've got adequate staffing levels?

ANSWER: Yes, the FAA does have adequate controller staffing for today's traffic activity. Before FY 1988, all controllers who were at the FPL grade were counted as FPL, although some of them were not fully certified on all positions in their current facility. Beginning in FY 1988, an FPL was redefined as a controller who has reached the FPL grade level of their facility and who is fully certified on all required positions in their area of specialization. As of January 31, 1989, the FPL level is 9,557. In addition, there are 968 FPL grade level controllers not yet fully certified on all positions.

Although the number of FPLs is a good measuring tool, it is misleading to use it as a measure of adequate staffing levels. FAA has a valuable core of expert operational controllers who are fully checked out and controlling traffic on two or more positions. Although these operational controllers require training on additional positions to rank and grade them as FPL, they are an essential and important part of the total controller workforce.

SENATOR LAUTENBERG: Please provide the Subcommittee with a breakdown of that September to January drop: Why did it happen? How many retires? Can we expect any change to this downward trend?

ANSWER: The 114 decrease in controller workforce employment from the end of September 1988 to the end of January 1989 is the net result of losses and gains to the workforce. The losses are primarily due to separations, retirements, and promotions and reassignments to other-than-controller workforce staff positions. Specifically, there were 703 such losses, of which about 130 were retirements. These losses, however, were offset by a 589 increase to the workforce largely related to assignment of developmental controllers to air traffic facilities upon completion of initial FAA Academy training.

The FAA expects steady month-by-month increases in the controller workforce for the balance of FY 1989. Most important, FAA does not expect the level of losses experienced in the first four months of the fiscal year to continue.

SENATOR LAUTENBERG: Former FAA Administrator McArtor testified last year that a former controller could be retrained within three to five months. Do you agree? What are your views on rehiring fired controllers, given the demands on the system and the limited progress being made to rebuild the workforce?

ANSWER: It appears that the former FAA Administrator may have been referring to the air traffic controller training at the FAA Academy which the trainee must complete before progressing to a facility for onsite controller training. The Academy training time varies depending on the skill level of the trainee and the level of facility to which he or she will be going. FAA estimates that since the fired controllers have been away for seven and one-half years, it would take considerably more than three to five months to bring them up to full performance level (FPL). New hires into the workforce can be an FPL in two years and one day provided they have been certified on all required positions, but it typically takes two and one-half to three years. FAA's training modernization efforts are expected to shorten this time.

The air traffic controllers fired as a result of the 1981 PATCO strike broke the law. We believe that rehiring them would set an undesirable precedent and furthermore would be detrimental to the morale of the current workforce. Rehiring is not needed to restore the workforce. By the end of FY 1989, controller employment will have surpassed the pre-strike level, and FAA will have added about 10,000 controllers to the workforce that they had on board one month after the strike.

SENATOR LAUTENBERG: Please provide the FPL staffing levels for Newark International Airport as of July 31, 1988 and January 31, 1989.

ANSWER: The FPL staffing at Newark as of July 31, 1988 was 17 compared with 16 as of January 31, 1989.

AIRCRAFT NOISE

SENATOR LAUTENBERG: Mr. Secretary, we've discussed my concerns over the problems of aircraft noise in New Jersey resulting from the Expanded East Coast Plan (EECP). Although the plan was implemented in 1987, it wasn't until former Secretary Burnley's appearance before this Subcommittee last year that the Department admitted that its implementation of the EECP had, indeed, created a problem, and more importantly, agreed to do something about it.

Over the last year, some steps have been taken to provide relief. But many of my constituents are still seeking relief. On behalf of those New Jerseyans suffering from excessive aircraft noise, I'd like to know what your plans are for providing relief.

ANSWER: On March 4, the Regional Administrator for the FAA's Eastern Region announced the creation of a four-person, full-time review team to perform a comprehensive review of the Expanded East Coast Plan (EECP) to find ways to mitigate aircraft noise over northern New Jersey. This team, which is authorized for a two-year period, will report on its progress to the Executive Review Committee for New Jersey Aircraft Noise.

SENATOR LAUTENBERG: For those changes already implemented, have there been efforts to quantify the results? If so, what are the results? If not, what is the basis for judging the success of those changes?

ANSWER: Measurements have not been taken to quantify the results of those changes already implemented. The purpose of the changes was to provide some immediate relief to the perceived noise problems. These changes have provided some relief as they have reduced the number of aircraft overflying the communities that were most affected by the EECP and in some cases increased the altitude of those aircraft.

SENATOR LAUTENBERG: Is the Department considering options such as re-routing of flights over coastal waters?

ANSWER: Yes. The Eastern Region team will review all possible alternatives for noise reduction, including the use of the offshore airspace.

SENATOR LAUTENBERG: Are there any discussions pending with regard to use of restricted military airspace by civilian aircraft?

ANSWER: There is ongoing, routine cooperation between the Federal Aviation Administration and the Department of Defense in connection with the military's requests for designation of special use airspace. The Department makes every attempt to ensure that both military and civilian needs are accommodated during designation or adjustment of military airspace.

The Department of Transportation and the Department of Defense are participating in a joint review of the need for and utilization of special use airspace, and the impact of special use airspace on civil aviation operations and on the environment. This study was directed by Section 104(b) of the Airport and Airway Safety and Capacity Expansion Act of 1987. The report on this study is expected to be issued by the end of June.

SENATOR LAUTENBERG: Is the Department considering submitting a legislative proposal to establish federal noise standards?
ANSWER: The Department has not yet determined what further steps need to be taken with regard to aircraft and airport noise. When analysis of this issue is complete, DOT will not hesitate to recommend legislation to the Administration and the Congress if statutory changes are warranted.

LOCAL AIRPORT RESTRICTIONS

SENATOR LAUTENBERG: Are you satisfied that there is presently a proper balance between Federal interests in maintaining an interstate aviation system and the interests of local governments in satisfying community demands for noise attenuation?
ANSWER: The Department will be developing an "airport access and environment" policy that brings the various interests into better balance. For this reason, the Secretary has established an internal task force to examine this question and—after taking full account of the views of outside parties—to offer recommendations on how best to address this problem.

SENATOR LAUTENBERG: If not, please describe your concerns and how you expect to achieve a balance.
ANSWER: Both noise abatement and unfettered access to the Nation's airports are serious and legitimate concerns. The Department plans to develop a better formulation for dealing with each, so that community noise exposure is not aggravated, and preferably improved, while noise-related restrictions are kept within reasonable bounds. DOT will be looking very carefully at appropriate fleet noise strategies, acceptable airport access restrictions, and land use compatibility solutions. The impact of aging aircraft on fleet modernization will also be a consideration.

SENATOR LAUTENBERG: Do you see any need at this time for additional federal policies to limit local airport access restrictions?
ANSWER: When the DOT/FAA task force on noise and access completes its work—which is expected to take several months--DOT expects to be able to provide a definitive answer to that question. The results should also make a useful contribution to the process underway to develop a National Transportation Policy and Strategic Plan. The Department will, of course, continue to challenge local airport restrictions that clearly place an undue burden on interstate commerce, or are arbitrary or discriminatory.

AIRPORT IMPROVEMENT PROGRAM (AIP) DISCRETIONARY FUNDS

SENATOR LAUTENBERG: In the fiscal year 1989 DOT appropriations conference report, FAA was directed to ensure that the needs of airports of all sizes are funded within the AIP allocation. The concern was that FAA would otherwise fund projects at the largest primary airports. Can the Department assure the Committee that in practice the Committee's direction is being followed?

ANSWER: Yes. We are administering the Airport Improvement Program to achieve a balance among all classes of airports. We are concerned with capacity congestion in the system and are trying to help airports with projects which have major capacity payoffs, such as new runways or major terminal expansion. In FY 1988 (and we anticipate similar distributions in FY 1989 and 1990), we committed 66% of discretionary funds, not associated with satisfying statutory minimums for relievers, noise, system planning and small commercial service, to medium, small, and non-hub airports. Of this, approximately half was used at medium hubs which are experiencing rapid growth and offer very good potential to relieve national congestion problems.

SENATOR LAUTENBERG: FAA's budget request states that legislation will be proposed to change the airport grant formula/discretionary split of funds to provide a discretionary level of at least $250 million. FAA says that this would allow it greater flexibility in targeting funds to higher priority projects, especially those that enhance system capacity and safety. Have any concerns been raised by airports about the way FAA has distributed discretionary funds? If so, what are those concerns and what is the Department's position regarding them?

ANSWER: There is some concern by airports that larger airports are getting more discretionary funds than smaller airports. In FY 1988, medium, small and non-hub airports received 67% of all airport grant funds. This almost equals the 66% these categories of airports received from discretionary funds, thus indicating that discretionary and total distribution of funds are very similar.

SENATOR LAUTENBERG: Why should this committee support FAA's proposal?

ANSWER: The airport improvement program is helping all classes of airports including small general aviation airports with high priority needs. However, we are concerned, as is the Congress, with enhancing systemwide airport capacity. Increasing the level of discretionary funds should not change the proportion of financing received by larger and smaller airports. It will, however, allow FAA to target funds to specific airports that are experiencing growth and have a good potential to relieve national congestion problems.

FINANCING AIRPORT IMPROVEMENTS

SENATOR LAUTENBERG: Do you believe that the present method of Federal financing of airport improvements is consistent with the needs for expedited expansion of airport capacity? Does the present method best serve the needs of airports? Is there a need to explore new approaches to providing Federal support for airports based on the methods used in other Federal assistance programs?

ANSWER: We believe that the present method of Federal financing of airport improvements would be significantly improved by increasing the level of discretionary funds to allow for more effective allocation of funds to projects which expand systemwide capacity. In addition, airport capacity is becoming more constrained, and we believe that there is a need for the Department, Congress and the aviation industry to explore new approaches to providing airport financing including the role of private sector and local resources. We look forward to working with you on this issue.

NATIONAL AVIATION INSTITUTE

SENATOR LAUTENBERG: What role or need does the Department see for an organization such as the National Aviation Institute?

ANSWER: The Department believes that an organization such as the National Aviation Institute could promote technology advancement through aviation-related education, research and development. By linking the various members of the aviation community, it can serve as a forum and catalyst for a continuing dialogue on issues of concern to all elements of the aviation community. To ensure a full and complete exchange of industry ideas and views such an organization should operate independently of Government control.

FAA RESEARCH AND DEVELOPMENT CONTRACTING

SENATOR LAUTENBERG: In testimony before the House Foreign Affairs Committee on February 9, 1989, former FAA Administrator McArtor stated that, although FAA may have sufficient R&D funds to conduct needed research, it did not have the same flexibility that NASA has in awarding contracts or grants for the research. He indicated that this unduly restricted FAA and that he would like to see the restrictions removed. What is the Department's position with regard to the Administrator's views on the R&D contracting situation?

ANSWER: The Administrator was referring to NASA's ability to issue grants to universities for research. FAA currently does not have this authority and must go through the contracting process, including any requirements for competition, in order to pursue a research initiative.

Giving FAA grant making authority for research similar to NASA would require legislative action. FAA has not requested such action through the Office of the Secretary.

SENATOR LAUTENBERG: Are there any proposals under consideration to allow FAA more flexibility in this area?

ANSWER: Within the Department, various staff groups are looking at ways to streamline administrative procedures. The proposal mentioned has not been suggested, but the Office of the Secretary would consider such a suggestion if FAA believed it would improve their R,E&D program.

SMOKING BAN

SENATOR LAUTENBERG: In 1987, Congress passed a law banning smoking on domestic commercial flights of two hours or less over a two-year period ending in April 1990. Congressional changes to that ban, to extend it beyond 1990 and/or to expand to longer flights, are being discussed. In your confirmation hearings, you said you would be "unable to take a position on this issue" until a DOT study on airline cabin air quality is completed in 1990.

The two-hour ban has been implemented by U.S. carriers with almost no problems. One carrier has instituted a total ban, with success. Canadian domestic flights are smoke-free.

Recently a new study was released, showing that nicotine levels in non-smoking sections of airplanes can be as high as those found in smoking sections. In other words, non-smokers are being subjected to the threats of passive smoking even when seated in areas designated to be smoke-free. Based on that study, and considerable other data, the Surgeon General of the United States has called for a total ban of smoking on domestic commercial flights.

In light of growing evidence, the Surgeon General's recommendation, and the experience of Canadian and U.S. airlines, do you still feel it's too early to take a position on this issue?

ANSWER: Yes. I am awaiting the outcome of a comprehensive study covering this issue. Starting in April the DOT contractor team will be riding on commercial flights and taking actual measurements of contaminants found due to side stream smoking, as well as other pollutants such as microbial aerosols and ozone. This study and our recommendations based on it will be completed in early 1990.

SENATOR LAUTENBERG: Please provide updated information on any enforcement actions taken with regard to violations of the two-hour smoking ban.

ANSWER: As of March 23, 1989, FAA initiated a total of 164 investigations of violations of the two-hour smoking ban. There were a total of 68 cases of smoking while the no smoking sign was lit (66 on Part 121 carriers; 2 on Part 135 carriers) and 96 cases of smoking in the lavatory (93 on Part 121 carriers and 3 on Part 135 carriers).

COAST GUARD USER FEES

SENATOR LAUTENBERG: The Budget proposes a system of user fees estimated to generate about $180 million in receipts for the Coast Guard in fiscal year 1990. The centerpiece of this proposal is a $25 decal to be issued annually to all boaters with documented and numbered vessels who operate in U.S. waters. When will the necessary legislation be submitted?

ANSWER: The draft legislation is undergoing final review within the Administration and will be transmitted shortly.

SENATOR LAUTENBERG: This is not the first time this initiative has been proposed for budgetary purposes. In prior years, I believe that the legislation has never been submitted to Congress for its consideration. As a result, some would characterize this proposal as a budgetary gimmick, designed by the Administration to offset expenditures by $180 million in receipts. Do you intend to pursue this initiative this year, or is it to be business as usual?

ANSWER: We have submitted Coast Guard user fee legislation in the last two Congresses, and do intend to pursue Coast Guard user fee legislation again in this Congress.

RAIL SAFETY IMPROVEMENT ACT

SENATOR LAUTENBERG: In 1987, in the wake of the tragic Amtrak-Conrail crash in Chase, Maryland, Congress passed the Rail Safety Improvement Act, now P.L. 100-342. I was proud to have sponsored many of the provisions of that law. In fact, much of that bill came about as a direct result of a hearing of this Subcommittee into the Chase accident.

I note that the FY 90 budget proposal for the Federal Railroad Administration contains a request for 34 additional railroad field safety inspectors, in accordance with P.L. 100-342. Please provide a status report of other requirements and directives in P.L. 100-342, including rulemakings. Please provide a summary of any findings or studies of rail safety relating to implementation of P.L. 100-342.

ANSWER: Under the Rail Safety Improvement Act of 1988, the following rulemaking actions have been taken: require pre-trip certification of automatic train control, train stop, and cab signal tests (published September 26, 1988); extend the civil penalty provisions of the safety regulations to individuals, increasing the maximum penalty from $2,500 to $10,000 (and under some circumstances to $20,000), and revise the penalty schedules to raise the penalty amounts that will initially be assessed for violations of particular regulations (published December 29, 1988); and prohibit willful tampering with safety devices (published February 3, 1989).

The final rule has been drafted to revise regulations implementing the older safety laws to reflect FRA jurisdiction over "railroads" (to be issued soon).

NPRMs have been issued regarding: submission of employee statements on accident causation (December 1, 1988); blue signal protection for on-track vehicles in which rest is provided for Maintenance-of-Way (MOW) workers (February 17, 1989); and disqualification proceedings for individuals alleged to be unfit to perform safety-sensitive functions based on violations of FRA safety rules (December 9, 1988).

ANPRMs have been issued regarding tamper-resistant event recorders on trains (November 23, 1988), and maintenance of train-activated signal systems and devices at highway grade crossings (November 23, 1988).

NPRMs have been drafted and are under review regarding: safety of MOW workers on railroad bridges, a program for licensing or certification of operators of locomotives through a program of review and approval of each railroad's qualification standards, and making MOW vehicles subject to the Freight Car Safety Standards.

With respect to non-rulemaking requirements in the Act; the following actions have been taken:

Northeast Corridor Safety Committee. As required by section 11, the Committee was established by former Secretary Burnley to provide the Department with a wide spectrum of views on safety improvements on the mainline of the Northeast Corridor. At a meeting of the Committee on January 17, 1989, in Washington, D.C., members reported on important activities affecting NEC safety and discussed problem areas and priorities for action. Another meeting is scheduled for April 20, 1989.

Grade Crossing Demonstration Projects. The Federal Railroad Administration has met with the Kansas Department of Transportation and with three principal railroads which operate in Kansas: Burlington Northern, Union Pacific, and Atchison, Topeka, and Santa Fe. The Mid-West Regional Transportation Center at Iowa State University has also been contacted. The intent is to establish demonstration projects under the auspices of the Regional Transportation Center (which would probably work through the University of Kansas), funded by the three named railroads and matching U.S. Department of Transportation University Research funds.

Dispatcher Training. FRA will soon release a report of an audit of 125 train dispatching offices. More than 50 FRA inspectors participated in this effort in which approximately 1,200 dispatchers were interviewed and observed performing their duties. The audit included an in-depth look at dispatcher training. Other areas covered were the management structure, dispatcher staffing, selection and promotion, dispatchers' level of compliance with the operating rules, communications, workload, work environment, and the train control systems.

NEWARK RAIL LINK

SENATOR LAUTENBERG: In last year's conference report, I earmarked $2 million under the new start category for the Newark Rail Link project. This project has enormous potential to improve the mobility of the northern New Jersey area, and to aid the economic development of the cities of Elizabeth and Newark. Are you familiar with the project?

ANSWER: Administrator DelliBovi has informed me of his extensive discussions with Commissioner Gluck and other state and local officials concerning this proposed project. The project is a promising opportunity for the private sector to finance, implement and operate a mass transit project.

SENATOR LAUTENBERG: Unfortunately, this project has met with some delay, because of UMTA's one corridor per planning area policy. Since this is an internal policy and not a rule or regulation, and because this policy has not been strictly adhered to in the past, I believe the project should go forward. In addition, it has the potential to be an excellent example of a public-private partnership. Can I count on your help to get this project moving?

ANSWER: UMTA has made a priority of supporting private sector participation in the provision of mass transit services, including this project. They are currently giving serious consideration to funding a planning study for the Newark Rail Link designed to determine how to maximize the participation of the private sector in financing, constructing and operating this project.

UMTA has not delayed the Newark Rail Link Project since no request for the earmarked money has been received. It is our understanding that State and local officials have agreed that the Newark Rail Link project would not use Federal funds for implementation and that they will be requesting a reprogramming of the $2 million earmarked for the development of other capital projects in the region. UMTA's one-corridor-at-a-time policy does not apply to projects which would be entirely non-Federally funded. We would be happy to consider offering planning assistance to projects for which we receive assurance that no Federal construction money will be requested.

HIGHWAY TRUST FUND

SENATOR LAUTENBERG: Mr. Secretary, your statement indicates that "....the budget proposes deficit-neutral spending levels for highway and transit programs, so that obligations would not exceed the level of highway user fees collected during the FY 1987-91 authorization period." Why should we consider prior year spending and receipt calculations in setting a fiscal year 1990 spending level?

ANSWER: The budget proposes tying obligations for highways and transit under the current highway-transit authorization law to estimated revenue for the five years covered by the law. To ignore the spending from prior years would make it impossible to achieve the proposed balancing of obligations and revenues for the time covered by the law. Historically, trust fund spending has exceeded receipts. A five-year deficit-neutral plan attempts to bring spending more in line with revenues.

SENATOR LAUTENBERG: It is my understanding that the estimate of cash receipts under current law into the Highway Trust Fund is $13.5 billion, and an additional $823.2 million interest on investments, for a total estimate of 1990 receipts into the Highway Trust Fund of $14.32 billion. Why shouldn't the Committee assume that an obligation limitation of $14.32 billion would be deficit-neutral for the purposes of calculating the 1990 deficit?

ANSWER: A deficit-neutral computation should exclude interest. The interest payments to the Trust Fund are simply intra-governmental transfers within the Treasury, between the "general fund" and the Trust Fund; the payments are not revenues. The deficit is the difference between income and outgo (or between tax revenues and outlays) to and from the Treasury, and Trust Fund interest earnings play no part in the deficit equation. Spending the interest would increase outlays without an offsetting increase in revenues.

Furthermore, the obligation limitation must be set to take into account obligations of the Federal-Aid programs which are exempt from the limitation (about $1.45 billion), and the obligations of programs other than Federal-Aid (such as the NHTSA programs) which contribute another $270 million in FY 1990.

CORPORATE AVERAGE FLEET ECONOMY (CAFE)

SENATOR LAUTENBERG: Given your stated concern for fuel economy and the planned review of the CAFE (corporate average fuel economy) standards, don't you think that the speed limit also contributes to fuel savings?

ANSWER: The National Maximum Speed Limit was first enacted as an energy conservation measure, based on the anticipated benefit of increased fuel efficiency at lower speeds. However, fuel economy is only one factor that must be considered in the debate over the National Maximum Speed Limit. I believe the States have the accumulated highway data, resources, and knowledge of local conditions and needs that put them in the best position to determine appropriate speed limits.

SENATOR LAUTENBERG: It has been reported that you feel, "....we've gotten very sloppy in addressing the problem of energy conservation." What does that mean for the CAFE standards?

ANSWER: I recognize the energy conservation objectives of the CAFE statute and am looking anew at the goal of improving automobile efficiency with environmental and energy concerns in mind. I am also aware that many have expressed concern that the law is biased against the U.S. automobile industry and its employees and, therefore, could threaten U.S. competitiveness and jobs. We do not want to put American manufacturers at an unwarranted competitive disadvantage and will be considering those arguments as we make a final decision on CAFE standards for Model Year 1990 passenger cars.

OFFICE OF SAFETY PROGRAM REVIEW

SENATOR LAUTENBERG: In late 1987, there was established an Office of Safety Program Review, headed by a Deputy Assistant Secretary. This office was to be staffed by professional "safety auditors" and was to provide a permanent institutional focus on safety issues.

- Do you believe that an Office of Safety Program Review is needed at the OST-level to evaluate safety across the modes?
- Do you think it is desirable for such an office to also conduct detailed mode-specific reviews?
- What is the best way to ensure a comprehensive, coordinated approach to safety issues.

ANSWER: The Safety Program Review Office is staffed and has underway various studies of the Department's safety programs. While safety has been and will continue to be a major focus of the Department, there are various ways in which oversight of our safety responsibilities can be provided. One approach is to have a dedicated staff in the Office of the Secretary which monitors the programs of the operating administrations and makes detailed and specific reviews. An alternative concept is to place responsibility for safety programs fully and squarely on the shoulders of the respective modal administrators, and hold them strictly accountable. I am currently evaluating a variety of approaches to assure comprehensive and coordinated management of safety issues.

QUESTIONS SUBMITTED BY SENATOR BYRD

ESSENTIAL AIR SERVICE

SENATOR BYRD: Are you supportive of continuing the Essential Air Service program?

ANSWER: The FY 1990 budget submitted to Congress assumed zero funding for the Essential Air Service program. DOT will work with Congress and the Office of Management and Budget in careful review of the costs and benefits of continued subsidies for air service to individual small communities beyond FY 1989.

SENATOR BYRD: Have you identified any potential funding source for the $6.6 million shortfall? For example, have you reviewed existing statutes to determine if the Secretary has the authority to transfer money between appropriations accounts?

ANSWER: The Department has agreed to work with Congress to determine the solution for the FY 1989 funding shortfall. We are not aware of any statute that would allow the Secretary to transfer funds between appropriations to address the shortfall. Additionally, Section 333 of the 1989 Appropriations Act directs that funding for the EAS program must be within the limits of the $25 million appropriation.

SENATOR BYRD: Will you continue to work with us to ensure that the Essential Air Service program continues throughout the balance of 1989?

ANSWER: The Department is well aware of the Congressional interest in the EAS program and will continue to work with Congress to find a solution to the funding problem in FY 1989. The Department, in response to requests from members of Congress, has agreed to delay any decision on EAS subsidy reductions for FY 1989 to give Congress an opportunity to review the funding issue. The Department has stated, however, that since delays in implementing the rulemaking would jeopardize air service to an increasing number of communities, it would be reluctant to defer issuance of the final rule for more than 60 days. (April 1, with an effective date of May 1. This two month delay would require termination of subsidy at approximately 22 additional communities.)

If the rule is not promulgated and the funding issue is not resolved by June, a notice will have to be sent to all subsidized EAS carriers stating that no funds will be available for service beyond mid-July.

QUESTIONS SUBMITTED BY SENATOR HARKIN

LOCAL RAIL SERVICE ASSISTANCE

SENATOR HARKIN: Iowa shippers are not saying: stop all abandonments, stop all divestiture of rail lines. But, a small amount of help is often needed so lines can be rehabilitated or, in some case, purchased. An inability to acquire funds can cause real economic harm. Farmers will lose five cents per bushel on their corn. Highways will deteriorate under the load of the less efficient grain trucks. Industry will not be able to settle in the impacted towns that have lost their rail lines. Do you see the logic in continuing a program like the Local Rail Service Assistance Program?

ANSWER: Assistance may sometimes be needed to preserve rail service. However, this does not necessarily warrant continuation of the Federal Local Rail Service Assistance program. To date, 20 States have established their own independently funded rail service assistance programs. In addition, the formation of hundreds of shortlines in the past few years demonstrates the availability of private funding for the acquisition and rehabilitation of light density rail lines. With other sources of financing available, we cannot justify continuation of the Federal Local Rail Service Assistance program. Nevertheless, we do plan to honor the commitment of the previous Administration to propose a supplemental extending funding through FY 1989 as soon as authorizing legislation is enacted.

SENATOR HARKIN: A state like Iowa which has come through a very difficult time is not able to provide all of the assistance that is needed. The shippers and the farmers' benefit may be more than the costs of the repairs. But, they may not have the resources to take over a line which a railroad is profiting from, but whose profit is less than the alternatives that are available. Can we afford to see our rail system reduced to a series of 70 MPH mainlines that just go between the major cities and between the coal fields of Wyoming and certain power plants? Is that going to help our nation's competitiveness?

Can we afford to see a permanent increase in the cost of moving grain by five cents or more per bushel because a single entity cannot come up with 100 percent of the resources to save a branchline?

ANSWER: As you suggest, the overall efficiency of our transportation system does have an effect on our national competitiveness. FRA has recently completed a study of the deferred maintenance needs on Class II and III railroads. We hope to continue an examination of the branchline infrastructure and service needs as we develop the national transportation policy.

We have recently been made aware of the Iowa Grain and Feed Association estimate that, if farmers were forced to move grain by truck in the absence of suitable railroad branchlines, it would cost farmers 3 to 12 cents per bushel more. We have not had the opportunity to verify this estimate for Iowa or on a national basis, but I am concerned about both the potential cost impact to farmers and the potential impact on our nation's highways. FRA has been asked to examine the issue.

ANHYDROUS AMMONIA

SENATOR HARKIN: Anhydrous ammonia is an essential nitrogen fertilizer used extensively in my state as well as all farm states. It is now classified as a non-flammable gas. There is a rulemaking in progress in the Research and Special Programs Administration which could result in its reclassification as a poisonous gas. Last year this Committee adopted report language noting that the Department of Transportation proposal was of great concern to the agricultural community, and urged the Department to retain the present classification.

Since the adoption of this report language, the DOT reopened the proposed rulemaking in November 1988, seeking alternatives. This rulemaking closes on March 9. Also, in December 1988, the United Nations Committee of Experts on the Transportation of Dangerous Goods refused to confirm the DOT position on the poison gas classification by tabling for two years its decision in order to study alternative classifications.

And I am sure you are aware that over a quarter of the Senate has cosponsored bills in this session either to delay a reclassification of anhydrous ammonia or to block it.

Mr. Secretary, this question is causing a great deal of concern. Secretary Lyng, the former Secretary of Agriculture, wrote a strong letter to your predecessor about this issue. Can I get your personal commitment to take a personal look at this issue and meet with me and other senators along with a group of those who would be adversely affected about this question?

ANSWER: Yes, we are certainly willing to meet with you and others who can provide us with additional factual information on the effects of the reclassification proposal. We also strongly encourage the submission of substantive comments to the rulemaking docket that will enable us to assess those effects and evaluate alternative proposals for enhancing the safe transportation of about 70 gases that would be reclassified. As with all Departmental rulemakings, we intend to be sensitive to the interests of all affected parties, and will carefully consider each of their comments.

AIR SAFETY

SENATOR HARKIN: Mr. Secretary I used to chair the Transportation, Aviation and Materials Subcommittee in the House and have always maintained a special interest in this area. I believe that we can see some real breakthroughs in predetermining structural failures. Is this an area where you believe that we should have a substantial research effort?

ANSWER: We do believe this is an important and promising research area. In both FY 1989 and FY 1990, FAA plans to conduct research on aging aircraft, including research on structural failures, better methods for predicting when failure might happen, and better techniques for inspecting for those conditions that may cause it. FAA hopes to develop prediction techniques for structural failures, using analytical models that must be validated through tests on actual aircraft components. Advanced non-destructive inspection, testing and evaluation techniques will be explored. These developments will require substantial effort and are not likely to be completed within the near term (2 to 3 years).

SENATOR HARKIN: What steps has the FAA taken to implement the Aviation Safety Research Act of 1988? How are the set-asides for "long-term projects" that were established by the law reflected in the FY 1990 budget? What kind of research projects are being undertaken with the "long-term project" set-aside?

ANSWER: While the FY 1989 and FY 1990 budgets were already prepared before the Aviation Research Act of 1988 was passed, DOT has reviewed these budgets to assure compliance. In FY 1989, funds were reallocated to address research areas specified in the Act. The FY 1990 budget was found to be already in compliance. Set-asides for long-term research are not specifically identified in the 1990 budget, but they are incorporated in the project listings. Examples of "long-term" projects are: automated en route air traffic control (AERA II and III); terminal ATC automation; and satellite communication, navigation and surveillance programs.

SENATOR HARKIN: The FY 1990 FAA Budget includes an increase of $4.2 million for aircraft safety. Please describe for me how these additional funds will be spent? How is this new spending related to the Aviation Safety Research Act of 1988?

ANSWER: The additional research funds will be applied as follows:

	($ millions)
o Aircraft Systems Fire Safety	$1.2
o Propulsion/Fuel Systems	0.2
o Crashworthiness/Structural Airworthiness	0.3
o Aging Aircraft	0.2
Subtotal, Support of 1988 Research Act	$1.9
o Flight Safety/Atmospheric Hazards	0.3
o Regulatory Development Support	1.5
o Aviation Security	0.5
Total	$4.2

RESEARCH ADVISORY COMMITTEE

SENATOR HARKIN: It is my understanding that the Aviation Safety Research Act established a research advisory committee of up to 20 members "to make recommendations concerning the FAA research program as well as to help coordinate the FAA program with other similar research outside the agency." Has such a committee been formed? What is its status?

ANSWER: The advisory committee was established on January 30, 1989. FAA is in the process of identifying potential members.

SENATOR HARKIN: Does the FAA currently support university based research and development as part of its Research, Engineering, and Development (RED) Plan? To what extent might university based research assist the FAA in carrying out its new responsibilities to undertake long term research projects?

ANSWER: Yes, the Joint University Air Transportation Technology Program awards research grants to three universities (MIT, Princeton and Ohio University) through NASA. This long range program focuses entirely on new technologies.

AIRPORT CONGESTION

SENATOR HARKIN: The Airport and Airway Safety and Capacity Expansion Act of 1987 directs the development of an overall system plan through the year 2010 to address system capacity. Shouldn't this system plan address the feasibility of various ways to promote the dispersal of traffic to a greater number of airports?

ANSWER: Yes. The long range airport system plan will predict the future distribution of air traffic, consider whether it is desirable to alter that distribution and, if so, address how the redistribution might be encouraged and expedited. A preliminary status report on the Long-Term Airport Capacity Needs Study was sent to Congress in January 1988. The final report is due by January 1990.

AIRPORT IMPROVEMENT FUNDS

SENATOR HARKIN: There were rumors that the FAA was restricting discretionary airport improvement funds from smaller airports. It was reported that airport executives were being told not to bother applying for those funds because all of the money was going to go to the largest airports. Language was included in the Transportation Appropriations conference report directing "...the FAA to adopt a policy to ensure that the needs of airports of all sizes are funded with its AIP allocations." Unfortunately, I have been told that a number of airport executives have been told to not bother submitting applications in the last couple of months. Will you look into this question and see if the Congress' direction is being followed in this area?

ANSWER: The FAA has administered the AIP grant program to benefit all classes of airports, and is following Congress' direction. There is a misperception among airport sponsors that discretionary funds are going only to large airports. For FY 1988, the first year under the 1987 Act, medium, small and non-hub airports received 66 percent of discretionary funds not associated with satisfying the statutory minimums of noise, relievers, system planning and small commercial service. Of the 66 percent, approximately half was used at medium hubs experiencing rapid growth and offering very good potential to relieve national congestion problems. The distribution of all funds (discretionary and apportioned funds) for FY 1988 shows that these same three categories of hubs received 67 percent of the total, thus indicating that discretionary and total distributions are very similar.

We are concerned with capacity congestion in the system and are trying to help airports with projects that have major capacity payoffs, as also directed by Congress in the Airport and Airway Safety and Capacity Expansion Act of 1987. We will continue to assist airports with worthwhile projects, but because of the extensive demand for discretionary funds, some projects which may be important to local communities will not be funded.

RAIL SAFETY INSPECTION COSTS

SENATOR HARKIN: Rail safety inspection is an important part of any comprehensive rail program, including Iowa's. A Federal Railroad Administration program, established through the Rail Safety Act of 1970, was a State/Federal partnership which reimbursed states for up to 50 percent of salaries and expenses incurred for state rail safety inspectors. This cost reimbursement to help states offset expenses has been eliminated forcing the states to either pick up 100 percent of the cost or eliminate an important safety program. Do you support restoration of the 50/50 cost sharing?

ANSWER: The State Safety Participation Program provided an opportunity for states to participate with FRA in investigative and surveillance activities relating to Federal rail safety rules. Despite elimination of the Federal reimbursement to states, all of the 32 participating states that previously received Federal reimbursement have stayed in the program, and none of the states has reduced the number of state inspectors (107 total). This continued participation suggests that there is no apparent need to restore the 50/50 cost sharing.

FHWA PROGRAM DELIVERY

SENATOR HARKIN: Would you endorse and support the efforts of the FHWA to streamline their program delivery to reduce the burdens placed on our states? Can this body expect you to bring to our attention changes in the law which may be required to permit the FHWA to proceed with innovative program delivery strategies?

ANSWER: We will bring such changes forward as part of the Highway reauthorization proposal. FHWA recently completed a review of its program delivery and identified a number of actions for improving internal FHWA operations and streamlining program delivery and project monitoring procedures between FHWA and the States. Two of the most innovative procedures would allow Statewide project plans and State self-certifications. Over the next year, we will be developing a highway reauthorization proposal that will define a national post-Interstate highway program. We will be looking at highway transportation needs and the appropriate level of Federal involvement and funding. This may require some restructuring of FHWA program activities to provide better and more efficient program delivery.

MASS TRANSIT ACCOUNT

SENATOR HARKIN: The Mass Transit Account (MTA) receives contributions from all states but funds are mainly directed to the large urban areas. Last year Iowa finally received some return on its contributions to the MTA (a $4.7 million Section 3 grant). The previous administration indicated to us an interest in providing more MTA/Section 3 money to small urban areas and bringing equity to this program. How do you see the distribution of the MTA/Section 3 grants being handled?

ANSWER: Section 3 grants are provided through the Discretionary Grant Program, and they have been too narrowly distributed. The transit penny is collected nationwide; therefore, it should not be spent in just a few select cities. The proposal in the 1990 budget to distribute the transit penny through a formula program is a step in the right direction. This would give all areas access to the MTA.

SENATOR HARKIN: Understanding that the small urban needs (replacement buses and garage facilities) are critical to those areas, will you help provide a level playing field between small urban bus and large urban rail projects?

ANSWER: The bulk of Mass Transit Account funds have gone to large urban rail projects. The proposal to distribute these Funds by formula to all the States would provide a much more level playing field between large urban rail projects and projects to meet the bus needs in small cities.

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

COAST GUARD

SENATOR MIKULSKI: I support the President's decision to increase the role of the Coast Guard in the war on drugs. Drugs are nothing less than chemical war on this country. But if the Coast Guard is going to be effective, it must have a modern fleet that can outrun the drug kingpins' speedboats. It must have equipment that can outsmart the dealers.

As you know, the Coast Guard has but one shipyard for construction and renovation of its vessels. That is Curtis Bay Coast Guard Yard in Baltimore, Maryland, where a skilled and dedicated workforce has served this nation since 1899. Last year, Congress recognized that the Coast Guard Yard should remain permanently open as a part of the Coast Guard's industrial base and directed your predecessor to establish a civilian work force floor of 654 positions. Congress also directed the Coast Guard to assign sufficient industrial work to the Yard to maintain its capacity as a core logistics facility. I was pleased that then-Secretary Burnley vowed to abide by the Senate and Conference reports. The Coast Guard recently announced that the prototype for the new 120-foot cutter will be built at the Yard.

I ask for your assurance that the Department of Transportation will continue to abide by the Senate and Conference reports.

ANSWER: We have terminated earlier plans to phase out the Yard, which we were forced to consider in response to serious funding shortfalls in FY 1988. We will seek to use it effectively and efficiently to support Coast Guard missions. The FY 1989 budget provides funding for capital improvements at the Yard, and additional capital projects are included in the FY 1990 and 1991 budget requests.

SENATOR MIKULSKI: The Coast Guard has decided to create a dual command at Curtis Bay with the separation of the Ships Inventory Control Point (SICP) from the Yard's command structure. Admiral Yost, USCG Commandant, has assured me that this will not affect the job security of the civilian workforce. I am concerned that this action may have an adverse impact on the Yard's industrial operations and its future efficiency ratings. Will you monitor the implementation of the dual command to assure that the mission of the Coast Guard Yard is not hampered?

ANSWER: The creation of a separate command for the SICP will not adversely affect the Yard's efficiency or future ratings. The intent of the action is to place greater emphasis on effective logistical support of the fleet. To provide this emphasis, the Commandant decided that he needed to establish a command structure with expertise in logistics. The scope of SICP activity extends far beyond the Yard.

AMTRAK

SENATOR MIKULSKI: The President's budget calls for the elimination of the Federal grant to the National Railroad Passenger Corporation (Amtrak). While I think that Amtrak should continue to strive to support its operating budget with revenues, I am concerned that elimination of Federal assistance at this time will only bring fare increases, service cutbacks, and line terminations. Such actions will undermine Amtrak's efforts to make passenger rail service a viable option for America's travellers. Reduced ridership will only decrease revenues.

Amtrak has improved its revenue-to-cost ratio from 48% in 1981 to 69% in 1988. In 1988 revenues were up 14%. During this time, Federal assistance has declined by over $300 million.

You have said that you want to work with Congress in determining a "realistic plan" to fund Amtrak. I ask if service cutbacks and line terminations are realistic solutions? How is Amtrak going to continue to improve performance if we cut $600 million from its budget? Wouldn't it make more sense to continue to reduce Federal assistance in pace with Amtrak's improved performance?

ANSWER: Our goal is a safe and sufficient system that serves the Nation's transportation needs. In developing a "realistic plan" to achieve this goal, my preferred approach would be to establish the policy framework and objectives and to leave the operational decisions (e.g., service changes, line terminations) to Amtrak management.

For FY 1990, our objective is to structure a plan that will help Amtrak to achieve self-sufficiency in the long term. Amtrak has proposed several legislative initiatives that would give Amtrak the flexibility to implement changes necessary to achieve this goal, and my staff are exploring other initiatives. The suggestion that subsidy reductions be tied to improvements in performance is consistent with this long-term goal and it should be considered as we develop the overall policy framework.

METRO

SENATOR MIKULSKI: I want to say a few words about Metro, America's subway. I don't need to tell you, Mr. Secretary, about the importance of mass transit to our Nation's Capital and to the operation of the Federal Government. Metro gets the Federal Government to work everyday and the Federal Government must remain committed to making Metro work. That means appropriating the funds already authorized by Congress and authorizing the completion of the 103-mile system. Because, Mr. Secretary, America's subway has not been finished until it reaches those who depend on mass transit the most -- the poor. The inner Green Line from U Street to Ft. Totten and the southern leg from Anacostia to Branch Avenue are two parts of the system that remain to be authorized. These areas are two of the most transit-dependent areas of our Nation's Capital.

I ask for your support to complete America's subway, to fulfill the Federal commitment for the remaining $193 million authorized, and to release funds already appropriated by Congress for rail cars.

ANSWER: DOT is opposed to any new special authorization for the WMATA system. Metrorail has already received over $7 billion from the Federal Government, far more than any other transit system in the United States. To reauthorize Stark-Harris to build an additional 13 miles, at over $200 million per mile, would be unfair to all other cities around the country. Metrorail should be treated just like all other transit operators. It should compete for available Federal transit funds. If Congress continues the Section 3 program, WMATA could apply for a discretionary grant and show that its proposed expansion passes the capital investment criteria.

We are discussing the rail car issue with WMATA, and we feel that an agreement can be worked out.

TRANSIT

SENATOR MIKULSKI: Baltimore City will start this spring to construct an extension of the Baltimore Metro to Johns Hopkins Hospital, Baltimore's largest employer. This project will be funded entirely from the Interstate Transfer Transit program, which up till this year has experienced a major reduction in national appropriations. It is important that the $200 million level authorized and appropriated in FY 1989 continues at that level in FY 1990. Will you support the $200 million level for the Interstate Transfer Transit program?

ANSWER: The FY 1990 budget proposes to fund all Interstate Transfer projects out of $740 million in contract authority authorized for highway substitute projects under the Federal-Aid Highways program.

The Administration's proposal to discontinue funding Interstate Transfer Transit projects from the General Fund and to fund them with revenues from the Highway Trust Fund is more in line with the original intent of the Interstate Transfer program.

The current arrangement with contract authority for highway substitute projects and appropriated funds for transit projects provides an incentive for recipients to select highway substitute projects regardless of the transportation merits because of the greater reliability of funding. Consolidation of the program will eliminate this inefficiency.

We expect that there will be little or no effect on the schedule of transit projects currently under construction, provided that local officials give first priority to these projects over projects that have not yet initiated construction.

SENATOR MIKULSKI: Baltimore's Central Corridor Light Rail Project seeks only 15% Federal funding instead of the authorized 80%. Will the Baltimore project be given priority status as soon as we have satisfied the Federal requirements?

ANSWER: It is our understanding that Baltimore's Mass Transit Administration (MTA) is not planning to apply for any Federal funds for their base rail line of 22.5 miles. At a later date, the MTA plans to apply for 75% funding for extensions to the line. UMTA's current participation is limited to the possible study of extensions to the line at a future date.

SENATOR MIKULSKI: You have placed a very high priority on maintaining the infrastructure of our transportation systems. However, in past years, insufficient funds have been provided under the Section 9 formula capital program, which funds routine needs such as bus replacement. This program has been cut by 30 percent since FY 1986. Would you not agree that this program needs to be raised or at least, kept at present levels?

ANSWER: While we don't propose further reduction in the amount of Federal formula capital funding, I firmly believe that State and local governments and the private sector need to shoulder a greater share of the burden. This is the essence of our proposal in the FY 1990 budget.

SENATOR MIKULSKI: At the present time, UMTA's policy is to approve Section 3 grants only for fleet expansion, and not for replacement. However, the large cuts in the Section 9 program have made it impossible to buy annual replacement buses only from this source. Would you consider the use of Section 3 funds to buy replacement buses, assuming all Section 9 funds have been expended?

ANSWER: Replacement bus funding would be allowed under our Formula Transit Grant proposal in the FY 1990 budget. We do not recommend continuation of a separate Section 3 Discretionary Grant program. If Congress decides to continue Section 3 grants, we would recommend that they remain dedicated to extraordinary and one-time capital costs to buy additional capacity where it is needed and the investment would be cost-effective.

AVIATION

SENATOR MIKULSKI: You have stated that you will spend user fees for their intended purpose. In light of the growing surplus in the Airport and Airway Trust Fund, and the nationally recognized need for airport expansion and upgrading, will you continue to permit these funds to remain unspent, even at the risk of setting off the "tax trigger" which automatically reduces the tax when the fund gets above a certain limit?

ANSWER: The FY 1988 and 1989 appropriations for FAA's capital and R&D programs did not equal 85% of the amounts authorized for those programs and, therefore, the tax trigger will take effect on January 1, 1990, unless there is further congressional action to prevent it. This would mean a $1.2 billion loss in revenues in FY 1990. We are proposing repeal of the tax trigger.

The Department has attempted for many years to ensure that Trust Fund revenues are spent to support FAA's programs. Between

1982 and 1989, however, the Trust Fund has financed only 57% of FAA's costs, and general revenues have financed 43%. Our FY 1990 request charges 71% of FAA costs to the Trust Fund.

The Congressional Budget Office recently released a report that stated that private-sector users have actually received more for aviation than they have paid, since much of FAA's costs are being subsidized by the general taxpayer. In FY 1989, aviation users will contribute $3.7 billion to the Trust Fund, and FAA's budget is $6.4 billion. We need to work together to ensure that aviation users are paying an appropriate share of aviation costs.

SENATOR MIKULSKI: The National Air Space Enhancement Program was designed several years ago to improve national air safety and capacity. The program is now far behind schedule and billions of dollars over budget. What management and/or program changes will you make to bring the program back on track?

ANSWER: While there have been schedule delays in the NAS modernization, the vast majority of major schedule delays have been due to optimistic planning and contractor production problems, particularly with software development. It is important to note that at this point approximately 90 percent of the original NAS Plan projects are under a production contract.

The management challenge is to ensure timely production of acceptable hardware and software and integration of those new systems into the operating air traffic control system.

On average, projects have been within 10 percent of estimated costs. We will be looking at NAS Plan costs and additional needs very carefully in the next few months to develop confidence in the cost to complete, and to determine whether or not the NAS Plan can accommodate substantial increases in demand for air travel.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

MASS TRANSIT TAX EXEMPTION

SENATOR D'AMATO: The mass transit commute-to-work benefit is now $15 per month. Last year I offered a Senate floor amendment (to the technical corrections to the Tax Reform Act) which would have raised this tax-free benefit to $38. It lost by a vote of 43 to 41. I plan to pursue this issue again this year. Would you lend your commitment to creating a national marketing plan to inform workers and employers of this benefit?

ANSWER: We think the appropriate Federal role is the current UMTA program that promotes this benefit through technical and financial assistance to localities and Transit Management Associations. Officials at the local level publicize the tax benefit to encourage transit usage. For example, the Department has provided funds for the New York TransitChek program, which successfully attracts small to medium sized employers with its convenient approach to providing vouchers from any New York area transit operator that can be used to purchase service. Over 50 cities, including Dallas, Seattle, and Boston, now participate in employer-provided transit benefit programs. We will continue to encourage employers and transit agencies to provide this benefit.

SENATOR D'AMATO: Will you support Congressional efforts to expand this tax-free benefit?

ANSWER: It is clear that allowing employers to provide unlimited tax-free parking benefits to employees encourages driving alone to work and that limiting transit and ridesharing benefits to $15 a month leaves these modes at a competitive disadvantage with regard to tax-free benefits. However, the Department does not at this time support expanding the tax-free transit benefit in view of the current budget deficit. The Department of the Treasury is the appropriate Federal agency to consider such changes in tax policy.

ESSENTIAL AIR SERVICE PROGRAM

SENATOR D'AMATO: Last year Congress appropriated $25 million for the Essential Air Service Program. DOT now calculates a shortfall of $6.6 million and has proposed a rulemaking to effect large cutbacks in service to 155 communities around the nation. Among them are: Watertown, Ogdensburg, Massena, Saranac Lake/Lake Placid, and Plattsburgh, New York.

I understand that you have delayed action on reducing essential air service subsidies.

(1) Are you willing to continue to work with Congress to delay making cutbacks in essential air service until a solution to this funding gap can be found?

(2) Will you support Congressional efforts to fund this shortfall via a supplemental appropriation?

ANSWER: The Notice of Proposed Rulemaking seeks public comment on four possible ways to reduce subsidy for the EAS program to meet the FY 1989 appropriated level of $25 million. The cost of running the basic program, at the FY 1988 level of service plus 18 locations that were not in the program for the full year, would be about $31.6 million in FY 1989.

The Department, in response to requests from Congress, has agreed to delay any decision on EAS subsidy reductions for FY 1989 to give Congress an opportunity to review the funding issue. The Department's original intent, in proposing to issue a final rule by the end of January, was to notify concerned carriers and communities that certain subsidy rates would be terminated effective March 1. By deferring such notification, more and more service is being jeopardized.

If the funding issue is not resolved by early June, a notice to all subsidized EAS carriers will be necessary, indicating that no funds will be available for service beyond mid-July. The Department has stated, however, that since delays in implementing the rulemaking would jeopardize air service to an increasing number of communities, it would be reluctant to defer issuance of the final rule for more than 60 days (April 1).

I am well aware of the Congressional interest in the EAS program and will continue to work with the Congress to find a solution to the funding problem in FY 1989.

LOCAL RAIL SERVICE ASSISTANCE

SENATOR D'AMATO: The local rail service assistance program expired at the end of FY 1988, despite Congressional efforts to reauthorize it for another year. This program is important to the continued existence of regional railroads in New York as well as other states. Your budget does not include funds for LRSA, but indicates that a supplemental for $10 million will be submitted once the program has been reauthorized. Can we count on your support for funding local rail service assistance once a reauthorization is in place?

ANSWER: We plan to honor the commitment of the previous Administration to propose a $10 million FY 1989 supplemental, as soon as authorizing legislation is enacted.

AVIATION -- AGING AIRCRAFT

SENATOR D'AMATO: Some aircraft manufacturers claim that an airplane, if properly maintained, can be flown indefinitely. Given the financial pressures on air carriers, do you think safety is jeopardized by permitting carriers to fly geriatric fleets of aircraft?

ANSWER: Safety is not jeopardized by permitting carriers to fly older airplanes despite the financial pressures on those carriers. A primary responsibility of the air carriers is the safety of the fleets of airplanes they operate. The inspection, maintenance and replacement requirements established by the airplane manufacturer at the start of the airplane service life are repeatedly examined and improved taking into account service experience.

Based on our experience to date, we believe the maintenance program for older airplanes can be just as effective in assuring its safe operation as that for a newly designed airplanes, although the cost of proper maintenance for older airplanes is greater than that for a newer airplane. These costs lie primarily in the increased inspection, and repair time and the replacement of parts involved to maintain the airplane in an airworthy state. However, these costs are generally less than the capital outlay and interest expenses involved in replacing the older airplanes. Should the costs as they pertain to older airplanes become prohibitive, the operator would elect to replace these airplanes with newer ones.

Proposals from the AIA and ATA would further augment the requirements of operators to inspect and replace parts. These proposals will be considered by the FAA for prompt action to assure adequate safety. In addition the FAA has initiated an "over-the-shoulder" maintenance inspection program for selected U.S. operators. In this program, the FAA maintenance inspectors and certain FAA engineers will make team visits to the operator's maintenance facility when that operator has an airplane in for a major inspection. These teams will observe the inspections and repairs being performed. As a result of these team visits the FAA intends to provide guidance to airlines for proper implementation of approved maintenance programs.

SENATOR D'AMATO: In April of last year, an Aloha Airlines flight attendant was swept to her death when a portion of the roof of a 20-year-old Boeing 737 flew off. On December 26, 1988, an Eastern flight from Rochester, N.Y., plummeted 21,000 feet in moments when a hole appeared in the 22 year old 727's fuselage. What is FAA doing to step up inspection techniques and replacement policies?

ANSWER: FAA has several initiatives underway to address the aging aircraft issue and ensure that the current fleet continues to operate safely. Airworthiness directives were issued that require special inspections and structural modifications to aging airplanes as technical information and service experience indicate a need for such action. FAA recently contracted with a group of structural and maintenance experts to evaluate how we are responding to the aging fleet problem.

A series of over-the-shoulder inspections of aging fleet airplanes is being implemented, in which FAA will observe airline inspection activity. A team of FAA inspectors and engineers will inspect selected airline maintenance facilities and techniques during periods when the airplane structure is exposed (i.e., stripped of interior and insulation material).

The FY 1990 FAA budget includes $5.5 million to continue its R&D program to: establish prediction theory and detection techniques for multi-site cracking; investigate non-destructive inspection techniques, corrosion inspection and treatment methods; and study the human factors associated with inspections (e.g., environment, training).

In June 1988, FAA convened an international conference to examine issues associated with older airplanes used by large carriers and commuter operators. A voluntary industry group representing airlines and airplane manufacturers was subsequently created to identify and resolve aging airplane problems, including service and maintenance.

Subsequent to this hearing, the industry group's report on Boeing aircraft (727s, 737s, and 747s) was issued on February 28, 1989. The recommendations for corrective measures would cost about $800 million. Future reports will cover aircraft of other makers. The FAA, which participated in the industry effort, will consider each proposal for mandatory actions.

SENATOR D'AMATO: Do you think FAA or Congress should consider a "cap" on the useful life of aircraft owned by U.S. air carriers?

ANSWER: No, it would be premature at this time to try to place a "cap" on the useful life of airplanes in the air carrier fleet. Current programs which involve the normal maintenance program for each carrier, the augmented Structural Inspection Program, which has been developed by each manufacturer and approved by FAA, and the additional inspection and replacement of critical parts program which has been implemented by FAA Airworthiness Directives will assure the structural integrity of the fleet. Proposals from the ATA and AIA to further augment the requirements of operators to inspect and replace parts will be considered by the FAA for prompt action to assure adequate safety. In addition the FAA has initiated an "over-the-shoulder" maintenance inspection program for selected U.S. operators. In this program, the FAA maintenance inspectors and certain FAA engineers will make team visits to an operator's maintenance facility when that operator has an airplane in for a major inspection. These teams will observe the inspections and repairs being performed. As a result of these team visits the FAA intends to provide guidance to airlines as to proper implementation of approved maintenance programs.

AMTRAK VERSUS HIGH SPEED RAIL

SENATOR D'AMATO: You were recently quoted as saying that, if the Department of Transportation (DOT) can figure how to move people by rail at 200 mph, rail could help ease airport congestion. Some people may see that comment as an attempt to show sympathy for rail while simultaneously justifying Amtrak's demise. Please explain your comment.

ANSWER: I support safe and efficient passenger rail service as part of this country's transportation system. My comment reflects concern that passenger rail service be structured to function as part of a well planned and complementary transportation network.

The technology to move people by rail at speeds approaching 200 mph already exists. The DOT role is to ensure that such systems, if introduced in this country, operate safely and efficiently. We do not see support for such an endeavor as undermining Amtrak. In fact, there are suggestions that Amtrak function as contractor to run high-speed rail operations for private or state and local high-speed rail authorities. DOT is eager to explore the possibilities.

SENATOR D'AMATO: On Face the Nation last Sunday, OMB Director Darman said he used to commute on Amtrak and his fellow passengers were bankers and brokers. I presume he was referring to the Metroliners and suggesting that Amtrak was expendable because some of its passengers were well off. Mr. Darman seems to have missed the point that different Amtrak services solve different problems. Metroliners help reduce airport congestion -- and you can't do that without attracting lots of business travelers. On the other hand, average incomes are much lower on most other Amtrak services. 47% of Amtrak's long-distance passengers have family incomes under $20,000. Do you agree?

ANSWER: With respect to the figure that you cite, in FY 1984 47% of passengers taking trips of more than 12 hours had incomes of $20,000 or less. While we do not have current passenger profile data by length of trip, historical data (1985 - 1987) suggest that:

- Amtrak serves a variety of income groups. About 40% of passengers on Northeast Corridor trains (who represent 52% of Amtrak's total ridership) and passengers on short distance trains (22 percent of Amtrak's ridership) have incomes of $40,000 or more, whereas about three quarters of the passengers on long distance trains (26% of total Amtrak ridership) have incomes of less than $40,000.
- Amtrak serves both business and discretionary travel. The majority of Northeast Corridor and short distance route travel is work related, whereas a majority of long distance travel is for vacation and recreational purposes.

I believe that the services that Amtrak provides are important, not only in terms of transportation efficiency but also in terms of individual mobility. As we examine options for meeting Amtrak's needs, we will also pay careful attention to the needs of Amtrak's diverse ridership.

AMTRAK SERVICE

SENATOR D'AMATO: I noticed in his Valentine's Day Wall Street Journal interview that President Bush, when asked to name a program he might cut, mentioned only one beyond Medicare: Amtrak. At your confirmation hearings you said Amtrak "plays a significant role in the movement of people." I hope you will make that point to the President. My concern is that we have already made substantial cuts in Amtrak. The FY 1989 appropriation is 35% below FY 1981. Amtrak is not making the capital investments needed to maintain current service levels and I am concerned that further cuts are going to put Amtrak back on the negative spiral it suffered before President Reagan took office. What do you think can be done to preserve Amtrak service?

ANSWER: Since 1981, Amtrak has made progress in reducing its operating losses without reducing service. They have also recently demonstrated an ability to secure private financing to help meet capital and infrastructure needs. There are several management and legislative opportunities to help preserve Amtrak service while insuring that the capital and infrastructure needs are addressed.

Recently, Amtrak proposed several legislative initiatives that, if enacted, would help the railroad reduce operating costs and obtain financing for its capital and infrastructure projects. Amtrak's proposals indicate management's commitment to structuring a more efficient operation and moving toward self-sufficiency. These proposals include such items as exempting Amtrak from Federal Employers' Liability Act coverage for a savings of $16 million-$20 million per year.

The Department is exploring other management and legislative initiatives to help reduce Amtrak's subsidy requirements. We will work closely with Amtrak and Congress to develop a strategy which would help Amtrak reduce its operating costs, meet its capital needs and become more self-sufficient.

MASS TRANSIT

SENATOR D'AMATO: I'm encouraged by your transit background. Certainly we in New York are painfully aware of the magnitude of requirements for a modern and growing transit system. I've noticed your comments about encouraging state and local governments to increase their financial support of mass transit. I have not seen similar comments regarding highways. Some have argued that Federal matching requirements for highways and transit should be the same. What do you think?

ANSWER: I agree that there should be general equivalence in state and local support of highway and transit capital investments, but it is important to recognize the difference between contributions to total investment and the matching requirements on individual federally assisted projects. While most Federal-aid Highway programs have a 75/25 percent matching requirement, state capital expenditures on Federal-aid Highway systems have historically been in the 40 percent range, with additional local spending. Therefore, the Federal share of total capital investments used for construction, repair and rehabilitation on the Federal-aid Highway systems is less than 60 percent.

Transit discretionary grants have a matching requirement of 25 percent and formula funds require a lesser match of 20 percent. Beyond a few very large cities, New York being one, there is little non-Federal transit capital investment other than the matching on UMTA-funded projects. The state and local contribution to total transit capital investment is much closer to the matching requirement than in the highway program. Therefore, it is important to require a higher local match in transit to increase state and local support of this transportation mode and to encourage better investment decisions.

SENATOR D'AMATO: Federal transit officials have been extremely critical of new rail transit projects--in some cases possibly without justification. One UMTA report criticized Portland's 2 year old light rail system for not meeting ridership projections intended to apply to the 6th year of service. Washington's Metro has been criticized for costing too much, yet I don't know anyone around here who wants to go back to the days before Metro opened. Don't you agree that Federal money could be better directed to the worthy projects if DOT acknowledges that some new rail lines are successful--and others not yet built could be?

ANSWER: Recent new start projects have, in many cases, been extremely expensive and have done little to address transportation problems. This experience does not however, preclude Federal funding for such projects in the future. UMTA has an extensive review system to analyze new starts. This analysis uses the amortized capital, future operating and maintenance costs, travel time savings and ridership potential of proposed projects to compute a cost-effectiveness index. If a project shows cost-effectiveness potential, we are prepared to work with local officials on various funding alternatives, including Federal participation.

MARITIME ADMINISTRATION

SENATOR D'AMATO: The Maritime Administration's budget proposal for FY 1990 contains a State Maritime Academy training ship-sharing implementation plan. The 1989 Appropriations Bill requested a feasibility study. Why has MARAD proposed an implementation plan without regard to the expressed desire of the Congress for a feasibility study?

ANSWER: MARAD's plan demonstrates that ship-sharing is feasible. In addition, previous MARAD studies of the feasibility of training ship-sharing have been distributed to the Congress and the State schools. The feasibility of ship-sharing has already been demonstrated in practice. The Massachusetts Maritime Academy and the New York State Maritime College shared the use of the EMPIRE STATE during a time when Massachusetts had no vessel available. These past demonstrations clearly show the feasibility of ship-sharing.

AVIATION

SENATOR D'AMATO: How do you view the operational relationship between the Federal Aviation Administration and the Department of Transportation?

ANSWER: This Secretary has a deep appreciation for the duties and responsibilities of FAA, and a very high regard for the men and women who staff the agency. Day-to-day operational management of FAA is the responsibility of the FAA Administrator. Regardless of organizational arrangement, there should be a strong rapport and excellent working relationship between the FAA Administrator and the Secretary. FAA and Departmental staff are working together on ways to make issues of joint concern move forward as smoothly and quickly as possible.

SENATOR D'AMATO: With respect to the FAA and the national air transportation system, how will you share policy and management responsibilities with the FAA Administrator?

ANSWER: While day-to-day management of FAA is the responsibility of the FAA Administrator, aviation is an integral part of the national transportation system and over-arching aviation policies must be developed within that context. If there is to be an effective national transportation policy, the Secretary must exercise the final judgment on matters relating to each of the modal administrations, including the FAA.

SENATOR D'AMATO: Are you in favor of a complete airspace and air traffic control redesign, and if so, how would you propose to initiate the process?

ANSWER: In effect, this has been accomplished with the NAS Plan. Almost 90% of the projects designed to modernize the air traffic control system are under contract. When this equipment is delivered, it will accommodate more sophisticated control software and new operational procedures permitting more flexible flight routes and optimal flight profiles for speed and fuel economy. Until this new capability is available, we will continue to improve airspace use and the air traffic control system on an area basis, e.g., the East Coast Plan.

SENATOR D'AMATO: How would you propose to address the current airport congestion problem and, at the same time, develop a national airport infrastructure capable of meeting the needs of all air travellers?

ANSWER: Over the short term, we must cope with airport congestion by making more efficient use of existing airports. We are currently pursuing a variety of such initiatives, including: improvements to expand existing airports, more efficient airline scheduling, civil use of surplus military airfields and joint use where feasible, and enhanced air traffic control technology. For the longer term, a national consensus on how to expand the capacity of an airport system must be developed. This will be an objective of our national transportation policy.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

ESSENTIAL AIR SERVICE (EAS)

SENATOR DOMENICI: Can you please give the Subcommittee a status report on the essential air service program and when you expect the effects of the shortfall to be felt?

ANSWER: If Essential Air Service is maintained at current service levels, the total FY 1989 subsidy necessary will be approximately $31.6 million, $6.6 million more than the $25 million appropriated for the program. The Department, in response to requests from members of Congress, has agreed to delay any decision on EAS subsidy reductions for FY 1989 to give Congress an opportunity to review the funding issue. However, if the funding issue is not resolved by early June, a notice will be sent to all subsidized EAS carriers stating that no funds will be available for service beyond mid-July.

SENATOR DOMENICI: On January 18, DOT announced that it would delay further action on the proposed rulemaking to allow time for the Congress to address the funding shortfall. Is it still DOT's position that this delay should be no longer than 60 days past the March 1 date on which DOT originally expected EAS reductions to take effect?

ANSWER: Last December, faced with an FY 1989 appropriation lower than needed to continue current service levels, the Department issued a Notice of Proposed Rulemaking requesting comments on alternative ways to reduce total subsidy under the EAS program. The Department's original intent, in proposing to issue a final rule by the end of January, was to notify concerned carriers and communities (approximately 54) that certain subsidy rates would be terminated effective March 1. The Department, in response to requests from members of Congress, has agreed to delay any decision on EAS subsidy reductions for FY 1989 to give Congress an opportunity to review the funding issue. The Department has stated, however, that since delays in implementing the rulemaking would jeopardize air service to an increasing number of communities, it would be reluctant to defer issuance of the final rule for more than 60 days. (April 1, with an effective date of May 1. This two month delay would require termination of subsidy at approximately 22 additional communities.)

If the funding issue is not resolved by June, a notice will be sent to all subsidized EAS carriers stating that no funds will be available for service beyond mid-July.

AVIATION TAX TRIGGER

SENATOR DOMENICI: Secretary Skinner, current aviation taxes credited to the Aviation Trust Fund -- primarily, the 8 percent ticket tax -- will be cut in half on January 1, 1990. Congress legislated this drop in aviation taxes in the 1987 aviation reauthorization bill by requiring the Appropriations Committee to fund at least 85 percent of the authorized levels in FY 1988 and FY 1989 for FAA capital programs. Actual appropriations have fallen about $320 million short of this goal. Given the over $1 billion increase in FAA spending as one of President Bush's spending initiatives, do you believe this drop in aviation user fees makes any sense?

ANSWER: No, it does not make sense. In addition to impeding deficit-reduction efforts, the revenue loss would jeopardize funding the current and future needs of FAA's capital and operating programs. Trust Fund taxes over the next five years (1990 - 1994), without the tax trigger reduction, are estimated to be $23 billion. The tax trigger would reduce the level to $13 billion. By comparison, spending at the 1990 levels for the capital programs over the same five years would require $17 billion from the Trust Fund for capital needs alone. This is a minimum; it is more likely that the capital programs will grow. Rather than reduce tax revenues, Congress should repeal the tax trigger and increase Trust Fund support of FAA programs such as our proposal to fund the cost of the Air Traffic Control System from the Trust Fund.

SENATOR DOMENICI: If not stopped, the drop in aviation taxes will increase the overall Federal deficit by $1 billion in FY 1990 and even greater amounts in the outyears. Do you fully support the proposal in the Reagan FY 1990 budget to repeal this aviation ticket tax trigger?

ANSWER: I support the repeal of the tax trigger because a continued dedicated source of revenues for aviation needs, especially over the next few years, is critically needed. If the tax trigger went into effect, the Trust Fund would have insufficient revenues to support FAA's capital program, much less make any contribution to operations. Since FAA costs would be funded in any event, the deficit would be increased if aviation taxes were cut. FAA will require at least $36.5 billion over the next five years for its total budget, considerably more than estimated aviation taxes of $13 billion for the same period, if the tax trigger goes into effect.

SENATOR DOMENICI: The authorizers wrote this tax trigger into law because of concern over the size of the Aviation Trust Fund balance. To what extent do you believe the Trust Fund balance is due to too low spending on FAA programs?

ANSWER: The balance is so large because of the penalty provision, which has forced most of the cost of operating the system to be financed from general revenues rather than the Trust Fund. Spending on FAA programs from the Trust Fund is too low; spending from the general fund is too high. Virtually all of the current uncommitted cash balance is attributable to the penalty provision. To address this problem, we encourage Congress to repeal the penalty provision, or alternatively, finance the cost of operating the air traffic system from the Trust Fund.

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

NATIONAL INTEREST IN TRANSIT AND AMTRAK

SENATOR GRASSLEY: During your opening remarks, you stated that the Department will recognize an appropriate level of national interest in mass transit and national rail passenger service. Although you have only been Secretary for a short time, what do you see as an appropriate level of national interest? Could you expand on that concept a bit more?

ANSWER: With regard to Amtrak, I recognize the need to address its capital and infrastructure needs as well as reduce operating costs. Amtrak is taking steps in both directions, and we hope to work closely with Amtrak and Congress in developing a strategy to help Amtrak become more self-sufficient. Some legislative actions may be required to address these needs.

With regard to transit, we need to structure Federal funding and program requirements so that state and local governments are encouraged to increase their financial support for mass transit. Federal operating assistance should also be reduced because it discourages efficient operations.

The Federal role in transit and Amtrak should be focused on maintaining an infrastructure that will assure a basic level of mobility, not at providing major investments designed to foster development or to provide premium levels of service.

ECONOMIC DEREGULATION PLANS

SENATOR GRASSLEY: You indicated that more economic deregulation is one way to build a more efficient transportation system. Could you expand on what further economic deregulation measures you anticipate? And will this include all modes?

ANSWER: In general, I believe that the government should not be in the business of economic regulation. Economic deregulation only works where there is competition. Because of concerns that have been raised about competition in the deregulated airline environment, I am establishing a Departmental task force to review the impact on competition, air fares, service, mobility in rural areas, and alternative transportation options. The task force will also be looking into the impact of deregulation on safety.

With regard to other measures of economic deregulation, we are currently reviewing a legislative proposal to complete deregulation of the trucking industry, and will look at the need for further deregulation in other modes of transportation.

AIRPORT CAPACITY FUNDING

SENATOR GRASSLEY: It appears as though you are reducing funding for the Airport Improvement Program (AIP) and encouraging more money to be spent for capacity improvements. Will this mean less money for smaller and medium size airports, or do you anticipate directing some capacity money to mid-sized airports?

ANSWER: We are administering the Airport Improvement Program to achieve a balance among all classes of airports. We are concerned with congestion in the system, and are trying to help airports with projects that have major capacity payoffs, such as new runways. In FY 1988 (and we anticipate similar distributions in FY 1989 and FY 1990), medium, small and non-hub airports received 66 percent of discretionary funds not associated with satisfying statutory minimums for relievers, noise, system planning and small commercial service. Of the 66 percent, about half was used at medium hubs that are experiencing rapid growth and offer very good potential for relieving national congestion problems. The purpose of increasing the discretionary capacity level is to be able to target funds where they will have the greatest impact on systemwide capacity. The airports affected by the reduction are the same group that would be eligible for the increased discretionary funds, including medium and large size airports.

FARE INCREASE

SENATOR GRASSLEY: Mr. Secretary, you point out that while there are no funds requested for Amtrak, the Northeast Corridor Improvement Program, or other rail subsidies, your goal is to build a strong, self-sufficient rail passenger system. Has your staff calculated or prepared an estimate of how much of a fare increase will be needed or how much service would be eliminated if the rail subsidies are eliminated? Do you anticipate that rail passenger systems can maintain or increase ridership with what will probably be a significant increase in fares?

ANSWER: Neither large fare increases nor wholesale service reductions are part of our plans for Amtrak self-sufficiency. The goal can only be approached in the long-term from marketing and efficiency improvements.

Realistically, Amtrak cannot suddenly increase its fares and thereby significantly decrease it deficit. Amtrak's fares are already set at or near the point which produces maximum revenue. In other words, it is possible that Amtrak may lose revenue from a major fare increase because people will make fewer trips or choose other modes of transportation in response to higher prices.

MASS TRANSIT EQUITY

SENATOR GRASSLEY: I'm encouraged to hear you want to rethink the distribution of motor tax proceeds for mass transit and I also look forward to working with the DOT on mass transit equity. Any thought at this time on how we might achieve equity in the mass transit program?

ANSWER: As we formulate our National Transportation Plan and the next transit authorization legislation, this is one of the issues we intend to consider. Meanwhile, the FY 1990 budget proposes a more equitable distribution of trust fund revenues. Discretionary Grant Program funds have been too narrowly distributed. The transit penny is collected nationwide; it should not be spent in just a few select cities. Moreover, the discretionary program has funded many new starts that have not met projections.

In addition, we can spend available Federal funds better by targeting them through a formula program for capital expenses rather than for operating subsidies. These subsidies have led to lower productivity and higher costs for the industry. Reversing these trends will be a major step toward using available funds more efficiently. We should still, however, maintain operating assistance for all areas under 200,000 in population.

TRANSIT OFFSET FOR FAA SUPPLEMENTAL

SENATOR GRASSLEY: Mr. Skinner, you explained that you plan to reduce the share of transit formula grants available for operating assistance to help cover the outlay impact of the proposed budget for the Office of the Secretary. Could you explain that concept in more detail? Do you plan to continue the formula grants and only reduce the percentage available for operating expenditures while directing the funds for capital projects? How will that reduce outlay impact?

ANSWER: The proposal referred to is an offset to the $40.7 million supplemental requested in FY 1989 for FAA Operations. It does not apply to the budget for the Office of the Secretary. We propose to offset the budget authority requirements of the supplemental by transferring the appropriation of 19 general funded highway demonstration projects to FAA. We also propose to reduce UMTA operating assistance by $41.2 million to help offset the outlay impact of the supplemental. Our proposal would continue formula grants at the enacted level of $1.6 billion; however, it would shift $41.2 million from operating assistance to capital projects. Since capital projects spend out at a much slower rate than operating assistance, our proposal would help to cover the outlay impact of the 1989 supplemental. Reducing operating assistance by $41.2 million saves $22.7 million in outlays to help offset the supplemental.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. The next hearing of this subcommittee will take place on March 2 at 1 p.m. It is on the Federal Rail Administration and the National Rail Passenger Corporation, Amtrak.

We also plan for March 14 in the afternoon to have a hearing by this subcommittee on aviation security. And we invite those who have a view or a position to contribute to be prepared to do so.

And we thank you, Mr. Secretary.

Secretary SKINNER. Thank you very much.

Senator LAUTENBERG. Thank you, Mr. FitzGerald. Congratulations.

[Whereupon, at 12:43 p.m., Thursday, February 23, the subcommittee was recessed, to reconvene at 1 p.m., Thursday, March 2.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, MARCH 2, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:06 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Byrd, Harkin, D'Amato, Kasten, and Grassley.

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF W. GRAHAM CLAYTOR, JR., PRESIDENT AND CHAIRMAN OF THE BOARD

ACCOMPANIED BY:
- WILLIAM S. NORMAN, EXECUTIVE VICE PRESIDENT
- D.F. SULLIVAN, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER
- CHARLES W. HAYWARD, VICE PRESIDENT, FINANCE
- TIM GILLESPIE, ASSISTANT VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS

OPENING REMARKS

Senator LAUTENBERG. We would like to call the Subcommittee on Transportation of the Appropriations Committee to order. We are going to be receiving testimony on the fiscal year 1990 budget proposals for Amtrak and for the Federal Railroad Administration [FRA].

The budget submitted by President Reagan for Amtrak and for safety and operating improvements in the Northeast corridor was a continuation of prior year budgets that were DOA, dead on arrival, because they proposed eliminating Amtrak. And it is disappointing to me to see that the new administration has once again recommended the elimination of Amtrak. For the fifth year in a row, an administration has recommended that no funding be provided for Amtrak. And we need to be clear that, as a starting point for negotiations, the President's proposal does not support the continuation of Amtrak.

OMB Director Richard Darman provided the following guidance to executive branch officials on President Bush's budget plan in a memo dated February 16 this year, and I quote here. "As discussed in the cabinet meeting, and pending the outcome of the negotiations, the Reagan budget proposals for items within the residual category," which parenthetically includes Amtrak, "are to be treated as if they were the Bush administration proposal for purposes of starting the budget process with Congress." This means that we start with zero funding for Amtrak as the beginning Bush offer.

Congress has been unwilling to end national rail passenger service in the past. It is clear to me that Congress is still unwilling to do so. The burden clearly will fall on the Congress in the negotiations process and in passing appropriations bills to continue intercity rail passenger service.

This was discussed last week with Secretary Skinner, who indicated an interest in developing an overall national transportation policy. Now, I assume that he understands that this must include national rail passenger service. I don't see how a credible national transportation policy can be developed without Amtrak. To exclude Amtrak would wreak havoc in many ways—on aviation, airports, highways, and especially in the heavily traveled Northeast corridor.

I look forward to these budget negotiations and to working with Secretary Skinner as we proceed to develop a national transportation policy. I intend to press for consideration of the needs of New Jersey residents in that policy and to see to it that the policy adequately addresses our concerns over the additional congestion and air quality problems which would accompany the elimination of Amtrak.

I will mention two positive items at this point. One, Amtrak continues to improve its coverage of operating expenses with its own revenues. And while its revenues accounted for only 48 percent of its operating costs in 1981, in 1988 Amtrak was able to cover 69 percent of its operating costs with revenues. Now, all of us who represent areas dependent on Amtrak service applaud you, Mr. Claytor, and your management and employees at Amtrak for these outstanding accomplishments.

And second, I note that Amtrak announced yesterday that the Philadelphia to Atlantic City line, to be called the *Atlantic City Express,* will initiate service later this spring. Mr. Claytor, we have worked very hard to see this new line become a reality, and I am looking forward to the economic impact, as well as the environmental impact, it is going to have on the approaches in Atlantic City and along the adjacent corridor.

For the record, the budget before us today proposes no funding for Amtrak's operations or capital programs, nor does it include any funds for safety improvements that are required in the Northeast corridor. Now, I would also note that the 1990 budget recommends a transfer of $10 million provided Amtrak in 1989 for capital purposes be used on a 1989 supplemental appropriation to continue the local rail service assistance program.

In contrast to the administration's budget proposal, Amtrak has requested a grant of $548 million for operations, $2 million for labor protection, and $106 million for capital needs, primarily for the acquisition of new rolling stock, cars, and locomotives.

Amtrak has also requested a Northeast corridor improvement program grant of $56 million for fiscal year 1990 to fund operation and safety improvements, including the continuation of safety improvements to the tunnels under the Hudson River and for extending the centralized electrification and traffic control system for Wilmington, DE to Newark, NJ.

The Federal Railroad Administration 1990 budget proposal includes $30.3 million for rail safety; $9.3 million for railroad research and development, essentially unchanged from fiscal year 1989; $6.6 million for regional rail reorganization expenses, up from zero in 1989; and a reduction of $5.8 million for the Office of the Administration, down 28 percent from last year.

This subcommittee is very interested in our railroads and in improving rail safety. In fact, the findings of this subcommittee served as the basis for the comprehensive Rail Safety Act enacted in 1988. We will be very interested in hearing how the requirements of that act are being implemented and what more needs to be done.

Before we proceed with Amtrak's testimony, I am going to ask my colleagues on the panel for any opening statements. Now, Senator D'Amato is not with us. We have a statement from Senator D'Amato which will be submitted for the record.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I join you in welcoming today's witnesses. It's always a pleasure to have Graham Claytor testify before us. He has done a tremendous job at Amtrak and we are counting on him to keep up the good work in the year ahead. Of course, I also am most interested in hearing the Federal Railroad Administration witnesses regarding their proposed budget for FY 1990.

The Administration has requested $61.4 million for FRA during FY 1990. This includes $30.3 million for railroad safety, an increase of 9 percent (or, $2.5 million) over the current year. I am glad to see that funding for an additional 34 field safety inspectors has been requested pursuant to the Rail Safety Improvement Act of 1988.

FRA has not proposed funding for the Local Rail Service Assistance program, which expired at the end of FY 1988. However, we expect to see an FY 1989 supplemental request for LRSA once Congress acts on reauthorization legislation. This program is very important to small regional railroads in New York, as well as many other states. I plan to continue pushing hard to help make this funding possible.

Once again we see no funds requested for Amtrak or for the Northeast Corridor Improvement Program. Amtrak would be cut by $584 million from FY 1989. The Northeast Corridor Improvement Program would be cut $19.6 million from FY 1989. These are unacceptable reductions.

In the State of New York alone, deleting Amtrak service would stop service on 55 trains serving 8.2 million passengers at 28 stations. Over 2,000 Amtrak employees with annualized earnings of $57.9 million would be out of work. The State of New York would lose an annual $13.9 million for goods and services spent by Amtrak.

Mr. Chairman, I know that you share the same serious concerns that I do regarding the need to preserve our Nation's passenger rail system. Today, I have added my name as a cosponsor of Senate Resolution 24 which you introduced to recognize the importance of Amtrak, as well as the need for adequate funding for it. I look forward to working with you this year to keep Amtrak rolling and healthy. In addition, I will do all I can to help appropriate the funds necessary to improve rail safety.

Thank you, Mr. Chairman.

Senator LAUTENBERG. And we will turn now to my colleague from Wisconsin. Senator Kasten?

Senator **Kasten**. Mr. Chairman, I would like to defer, if I could, to the chairman of the committee, if he has any opening statement at this time.

Senator **Lautenberg**. I would appreciate that. Thank you very much.

The chairman of the Appropriations Committee, President Pro Tempore, Senator Byrd.

Mr. **Byrd**. Mr. Chairman, I have no opening statement.

Senator **Lautenberg**. Thank you.

And now, Mr. Kasten.

STATEMENT OF HON. BOB KASTEN, U.S. SENATOR FROM WISCONSIN

Senator **Kasten**. Mr. Chairman, I want to just quickly thank Mr. Claytor for appearing here today. As he always does so well, he makes a good case for the role that passenger rail services must play in the transportation system of this country. And I basically want to commend Mr. Claytor for his leadership.

We have made substantial gains in revenue to cost ratios and passengers served over the last several years. More work needs to be done, and we in Congress need to help and intend to help.

Thank you, Mr. Chairman.

Senator **Lautenberg**. Thank you very much.

Senator Harkin.

STATEMENT OF HON. TOM HARKIN, U.S. SENATOR FROM IOWA

Senator **Harkin**. Mr. Chairman, I have an opening statement. I will just ask for it to be included in the record.

I just have a couple of things I wanted to bring up, on again dealing with Amtrak that I would hope that as we——

Senator **Lautenberg**. If it is all right with you, if you have questions, I would like to have Mr. Claytor's testimony first.

Senator **Harkin**. I just wanted to state that I am hopeful as we go ahead on Amtrak, that they recognize the support that exists here in the Congress for Amtrak, and that those of us from less populated States also deserve to have our Amtrak lines continued, as well as those in more populous States. Our ridership may be a little bit lower, but the fact is this is a necessary means of transportation in many of those rural areas out there.

And that is the only comment I wanted to make, Mr. Chairman. Thank you.

[The statement follows:]

Statement of Senator Harkin

Both Amtrak and the Federal Railroad Administration saw considerable funding reductions over the last eight years. And, funds are certainly going to be tight as we consider the FY 90 bill.

However, I believe that one of the most important steps our nation has undertaken to stimulate our country's economy was the establishment of our first class transportation systems. The Federal Government provided the incentives, the wealth through grants of land, for the building of our major railroads. It was the 19th century equivalent of the establishment of the Interstate Highway System and it may have been more important.

In recent years, our railroads have seen significant deterioration. The American Association of State Highway and Transportation Officials have identified a need for $1.2 billion in almost every state for branch lines alone under the 803 program. We do not have the Federal resources to create a massive program to restore all of the lines that should be saved. But, I believe that a modest sum, well targeted to the areas of greatest need, can really make a difference. We can preserve the most useful branch lines with significant traffic loads that would not remain viable without assistance.

Some say that railroads are not a Federal responsibility. They say that if a rail line is not profitable it will be abandoned and if it is profitable, it will be maintained. That simply is not true. A railroad may be in such poor financial shape that it does not maintain its lines, allowing them to fall into disrepair and become more costly to use.

Economic systems are not perfect. The value of a branch line to local shippers may be so great that the shippers themselves may want to purchase the line if a railroad chooses to abandon it. But the shippers may not have the resources to put the deal together.

The Local Rail Service Assistance Program really works. It deserves to be continued.

I was very pleased to see that Secretary Skinner did note that he was planning to support a supplemental appropriation request for this program once a reauthorization of the program was approved in his testimony before this subcommittee last week.

I have authored a bill, S. 255 that provides for an authorization of that size in FY 89 and for $25 million in the coming two fiscal years. I am hopeful that legislation of that type will be considered by the authorizing committee in April. A similar measure has been introduced by Representative Wyden in the House.

I would also like to note that I am a long time supporter of Amtrak. In the long term, I believe that rail service will become increasingly important. If we were to abandon the system as the administration desires, we will never be able to redevelop this important mode of intercity travel.

Senator LAUTENBERG. Thank you very much. We are happy to have the acknowledgement that Amtrak is not just a means of travel in the heavily populated Northeast, but that it serves the national need as well.

Well, the lead witness for Amtrak will be the distinguished Chairman, Mr. W. Graham Claytor, Jr., President and Chairman of the Board of the National Rail Passenger Corporation. We welcome you once again to this subcommittee, and if you want to summarize your testimony, we will take the full testimony for the record. And we look forward to hearing from you.

STATEMENT OF W. GRAHAM CLAYTOR, JR.

Mr. CLAYTOR. Thank you very much, Mr. Chairman. I am very pleased, as always, to appear here before this distinguished committee to discuss Amtrak's grant request.

I have seated with me on our right, our Executive Vice President, Bill Norman; and our Executive Vice President and Chief Operating Officer, Denny Sullivan. On my left at the end, I have our Vice President, Finance, Charles Hayward; and next to me, Assistant Vice President, Government and Public Affairs, Tim Gillespie.

As detailed in my prepared testimony, Mr. Chairman, we have just completed the most successful year in Amtrak's history. And the prospects for continued growth this year are strong.

ATLANTIC CITY SERVICE

One of the most exciting near-term events, of course, is the one you mentioned, the announcement just yesterday that we will start on May 23 our new Atlantic City service. That should bring in $30 million of new revenue. We have already mentioned the train service that we will run. It will be six daily trains from Philadelphia to Atlantic City, one daily direct train from New York to Atlantic City, and another train direct from Washington with a stop in

Philadelphia and then on to Atlantic City. That will be our initial service.

We very much appreciate your assistance in making this extension of our service possible. I think we could not have done it without your help over the years.

FISCAL YEAR 1990 BUDGET REQUEST

Now, Mr. Chairman, we are requesting a grant, as you mentioned, of $656 million for fiscal year 1990. That was the figure that was recommended for authorization by the Senate Commerce Committee last year. The actual authorization bill did not come up for a vote. It includes desperately needed capital, including $50 million for new equipment that I will discuss in a short time.

We also, as you mentioned, are requesting $56 million for the Northeast Corridor Improvement Project, an area for which funds already have been authorized. And the most important part of that is undoubtedly the $15 million for Amtrak's share of extending the critically important centralized electrification and traffic control [CETC] system, which, in accordance with the statute that was passed last year appropriating money for UMTA and for us, is to be shared—the cost of that is to be shared with New Jersey Transit and with SEPTA. And it is equally important to both of those commuter authorities as it is to us.

There will also be $4.5 million for Hudson River tunnel improvements which are critically important, and other items that I won't take the time to mention.

FISCAL YEAR 1988 PERFORMANCE

Your statement really stated Amtrak's accomplishments more effectively than I could, and I won't take much time on that. I just want to say that this past year we had a record total revenue of $1.1 billion, the first time we have gone over the billion dollar mark. And if we were classified as an industrial company, we would fall right in the middle of the Fortune 500 list of the largest industrial companies in the country on the basis of those revenues.

We also had a record of 5.6 billion revenue passenger miles, the greatest we have ever had.

And our bottom line, which is our revenue to expense ratio, as you mentioned, went from roughly 46 to 48 percent 8 years ago to 69 percent this year. We are now operating at a cost ratio of 70 percent, and I am hopeful that I can pass that and be 71 percent or better this year.

We have decreased our need for operating support from the Government by 40 percent in constant dollars over the last 8 years.

AMTRAK'S NEED FOR CAPITAL AND ROLLING STOCK

Part of the reason for our success, Mr. Chairman, is that we are getting a real return on the very substantial amounts of capital received at the beginning of this period, 8 or 9 years ago. That capital went into new cars. It went into new locomotives. It went into upgrading our sadly obsolete maintenance equipment.

In recent years, however, we have been capital-starved, and this is bound to affect our future progress. For example, we are up against the stops right now on equipment. Our first-class reservations in peak periods are sold out weeks and months in advance. We had over 200,000 people standing up on our Northeast corridor trains in the last year.

Actually, the most recent issue of Newsweek states that we are running empty trains across the country and wasting the Government's money doing it. It is shocking to me that a responsible publication could say a thing like that without first checking the facts. The fact is that our trains tend to run full even in the off season, which this is. And we are reducing the amount of Federal financial support we need every year, and we will continue to do that if we have enough equipment to meet the demand. I was shocked to see that Newsweek would make a statement like that without checking with us first.

However, I have been in this business long enough to know that you live with that sort of thing and it happens all the time. I just resent it each time it does.

It is critical, Mr. Chairman, to start replacing our 35- to 40-year-old Heritage sleepers with our new Viewliners, which are both better and more efficient. The most important feature of a Viewliner from the standpoint of its financial return is that our existing cars have 22 beds in a sleeping car, while the new Viewliners will have 34 beds in the same car. And they will be better beds, because every compartment will have a lavatory and sink basin in it. There will also be showers in the two or three deluxe bedrooms in that car.

These are superb cars that should increase our revenues, increase our business and increase our financial return. We have designed and tested these cars. Two of them are being tested in revenue service right now so that in 1990, we would be in a position to make the first purchase order. And I am very anxious to do so. Their cost effectiveness is going to be excellent.

As I have already mentioned, our requested grant of $565 million should enable us to allocate about $50 million for these new Viewliners. We would match that $50 million with funds raised in the private market. In other words, if I can get $50 million to buy these new cars, we have proved that we can borrow $50 million and make it $100 million for the purchase.

We could not do that a short time ago, but in recent years, the private market has watched what Amtrak has done. They have seen that in spite of proposals for eliminating Amtrak by the administration for 5 years in a row, Congress has maintained our existence and provided us with the necessary money to survive. And on the basis of that, they think we are a good enough risk to be loaned money.

Now, if we can get appropriated money for some capital this year, I am certainly satisfied that I can match that capital for new equipment in the private market. And that's what I'm trying to do.

Now, this is squarely in accord with what President Bush said in his campaign that we should do. And if I could take the committee's time just for a moment, I would think it is worth quoting. This is what President Bush said in the campaign about Amtrak:

We want to keep a strong passenger rail system, and part of that equation is to continue to make Amtrak more efficient and to ensure that it has the equipment it needs to provide service that is comfortable and safe. Budget pressures being what they are, we will need to look to both public and private sectors for future financing.

And that's exactly what I want to do, and I think we can do it. This will also, of course, enable us to make a start in changing our triweekly trains to daily operation, a major role that I think will help us a great deal.

ADMINISTRATION'S PROGRAMMING REQUEST

Finally, let me make brief reference to President Reagan's request in his budget to reprogram $10 million of Amtrak's fiscal year 1989 appropriation to other programs, which you mentioned. This would amount to a 36-percent reduction in our already meager appropriated capital for fiscal year 1989 of $28 million, cutting it to $18 million. A cut like this would put in danger such critical projects as completing the Westside Connection, completing the track and platform work at our newly renovated Washington Union Station, and continuation of an ongoing program of replacement of obsolete and inefficient facilities at Sunnyside Yard in New York. All of those are critical, and they would all be at risk. I am not sure what we would have to cut out, but they are the things that I feel we would have to start either postponing or cutting out altogether if this reprogram should take place.

FUNDING AMTRAK THROUGH A UNIFIED TRANSPORTATION TRUST FUND

Now, in conclusion, Mr. Chairman, my final point is that in the long run Amtrak's capital needs and other needs could best be addressed through a dedicated funding source such as the Unified Transportation Trust Fund. If and when there is a change in the Federal gasoline tax, I feel very strongly that a portion of it must be used for Amtrak as well as for mass transit. Funding Amtrak in this way would ensure the availability of the resources we need to meet the demand for our service and continue the steady reduction in our requirement for Federal operating assistance.

In addition, such a dedicated funding source would give private financial institutions more confidence in Amtrak's long-term prospects, and thus they would have adequate justification for continuing to lend funds to us on reasonable terms for capital and rolling stock projects. That is not a request for this year. That is a suggestion that we must work toward in the future.

Thank you very much, Mr. Chairman. I would be delighted to try to answer questions.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. Claytor. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR.

My name is W. Graham Claytor, Jr. I am President and Chairman of the Board of the National Railroad Passenger Corporation (Amtrak). I am pleased to appear today before this distinguished Committee to discuss Amtrak's fiscal year 1990 budget request, and to detail to the Committee our continued progress in reducing Amtrak's dependence on Federal financial support.

Amtrak presently is experiencing the most financially successful and exciting period in its eighteen year existence. Our financial performance during fiscal year 1988 and the first months of the current fiscal year has been outstanding and the prospects for continued revenue and passenger growth are strong. We are making significant progress in our goal of providing improved rail passenger service at less cost to the government and, indeed, our need for Federal operating support is lower in constant dollars than at any time since 1974. Amtrak is demonstrating that there is a marketable, efficient and safe alternative to congested highways and crowded skies, and that rail passenger service plays a vital role in a balanced national transportation system.

Unfortunately, we are becoming the victims of our own success. The growing demand for Amtrak service nationwide is outstripping our capacity to provide it. Unless serious steps are taken to provide Amtrak with the means to acquire new cars and locomotives to meet this demand, millions of passengers who depend on our service will be forced to stand on our trains or be denied service altogether.

I am particularly pleased that the Chairman of this Subcommittee, Senator Frank R. Lautenberg, has again introduced a Senate Resolution recognizing Amtrak's improved financial performance and supporting the adequate funding of Amtrak. Senate Resolution 24 already has been co-sponsored by Senators Adams, Biden, Bingaman, Bradley, Burdick, Conrad, Dodd, Exon, Grassley, Heinz, Jeffords, Kasten, Mikulski, Moynihan, Pell, Rockefeller, Roth, Sarbanes and Simon. I deeply appreciate the support these Senators have given to Amtrak in the past and their efforts to preserve a national rail passenger system. I also would bring to the Committee's attention that Senator James J. Exon, Chairman of the Senate Subcommittee on Surface Transportation, has introduced legislation that would reauthorize Federal funding for Amtrak through fiscal year 1992. To date, the bill already has been co-sponsored by 14 Senators.

In Amtrak's fiscal year 1990 Grant Justification, submitted to this Committee on February 10, 1989, we are asking for Federal financial support for the next fiscal year in the amount of $656 million. This is the same level approved by the Senate Commerce Committee last year for fiscal year 1990. Federal funding in this amount would enable Amtrak to continue operating its existing system and would provide some critically needed capital to acquire rolling stock and for other improvement projects, including modernization of our facilities at Sunnyside Yard in New York.

In addition, Amtrak has requested that $56.07 million be appropriated for the Northeast Corridor Improvement Project (NECIP) to fund important operating and safety improvements, including fire safety and evacuation equipment for the tunnels under the Hudson River, installation of new ties and rail, and replacement and upgrading of several bridges. A portion of the NECIP funds also will provide Amtrak's contribution to the extension of the sophisticated Centralized Electrification and Traffic control (CETC) system from Wilmington, Delaware, to Newark, New Jersey. The Southeastern Pennsylvania Transportation Authority (SEPTA), New Jersey Transit and the Urban Mass Transportation Administration (UMTA) are sharing in funding this project. The state-of-the-art system not only will ensure safer and more efficient operation of trains along the Northeast Corridor, but will enable Amtrak and the commuter authorities to significantly expand frequencies in the future. The Conference Report to the fiscal year 1989 Transportation Appropriations Act specifies the share of costs that Amtrak, New Jersey Transit and SEPTA are to contribute over a four-year period. We are working closely to coordinate our efforts with the commuter authorities and with UMTA to ensure that the program proceeds as intended by the Committee.

Before detailing our record-setting performance during fiscal year 1988, I must unfortunately note that the Reagan Administration's final budget for the fifth time recommended that Federal financial support for Amtrak be eliminated. The elimination of Federal financial support for Amtrak would force Amtrak to cease all of its operations. Ironically, proposals to eliminate Amtrak make it more difficult for Amtrak to attract favorable private financing to fund capital projects and new equipment and thus make Amtrak even more dependent on the Federal Government for financial support. A statement that the President proposes to put you out of business does not do much for your credit rating.

Fortunately, while the last Administration has been consistent in its opposition to Amtrak, Congress has been equally persistent in preserving a national rail passenger system. It has been estimated that Americans wasted some *84 billion hours* stalled in highway traffic last year. Congress has recognized that Amtrak's intercity service, together with its growing leadership in the operation of local commuter rail systems, offers a fundamental alternative to such congestion, one whose cost is dwarfed by the cost of new highway and airport construction, and one that is energy efficient, cleaner for the environment, and safe.

In view of the extensive congressional consideration previously afforded the Administration's proposal to eliminate Amtrak, I do not believe that further debate would serve a positive function, and it would tend to overshadow the excellent progress we are making in providing improved service at less cost to the Federal Government. I have attached to my testimony as Appendix I a current analysis of the impact of the elimination of Amtrak service.

FISCAL YEAR 1988: A RECORD-BREAKING YEAR

Amtrak's past 8 years have seen continual progress in four key areas: increased revenues; controlled costs; a reduced dependence on Federal financial support; and increased ridership. During the past year, Amtrak blew the lid off its past success. Revenues increased 14 percent—$133 million to over $1.1 billion. This represents an 81 percent improvement since fiscal year 1981, as illustrated in Chart 1 attached hereto. In contrast, despite inflation and dramatic increases in the cost of health and benefit programs, the rate of increase in expenses has been reasonable, due in part to a series of improved labor contracts. I must note that Amtrak's great success in controlling costs could not have been accomplished without the dedication of a truly admirable and inspiring work force, its highly responsible union leaders, and their concern for Amtrak's future.

Greater revenue relative to costs directly translates to an improved revenue-to-expense ratio—the percentage of total operating costs we cover without Federal financial assistance. In fiscal year 1981, revenues accounted for only 48 percent of these costs, which meant that the Federal Government picked up the remaining 52 percent of these expenses—some $675 million. As illustrated in Chart 2, by fiscal year 1988, we were able to cover over 69 percent of our costs and we expect to increase this to 70 percent or better in fiscal year 1989. We are not aware of any passenger railroad in the world that covers a larger percentage of its own costs than Amtrak. The result, as shown in Chart 3, has been a dramatic decline in both the percentage and dollar amount of our operating expenses that must be offset with Federal operating assistance. In constant dollars, we require 40 percent less Federal operating assistance today than we needed just 8 years ago. Indeed, if other recipients of Federal support could have been as successful as Amtrak in reducing their needs, this country would not now face a Federal deficit.

I believe it is important to note as well that the actual *net* amount that Amtrak costs the U.S. Treasury is considerably less than our stated level of Federal appropriations. Amtrak currently is paying an enormous surplus into the trust accounts of two federally mandated benefits programs—the Railroad Retirement trust account, which provides retirement benefits to the entire railroad industry, and the Railroad Unemployment Trust account, which provides short-term sickness and unemployment benefits. This surplus results because Amtrak has few retirees or unemployed workers claiming benefits. During fiscal year 1988, Amtrak's payments into both funds exceeded the benefits paid out to Amtrak employees by $115 million. These surplus payments to Federal trust accounts are treated by the Federal Government as *revenue* when it determines the income available for the Federal budget. Thus, of the $580.8 million appropriated to Amtrak in fiscal year 1988, in reality $115 million of it was given to Amtrak only to be paid back and credited to the government as revenue. Accordingly, Amtrak's net cost to the Federal Government—the actual amount we cost the Treasury was really only $466 million, some 20 percent less than our stated appropriation level. In fiscal year 1990, we anticipate that these surplus Amtrak payments will exceed $130 million.

One indicator of our success in reducing our dependence on Federal financial support has been our ability to cover on a systemwide basis all of the short-term avoidable or "out of pocket" costs of operating our trains. In fiscal year 1981, we covered just 73 percent of these costs. In fiscal year 1987, we achieved our goal of covering all short-term avoidable costs on a system-wide basis and have since improved this measure even more to 115 percent this past year.

Amtrak's improved performance has been matched by growing demand for rail passenger service. Since fiscal year 1981, passenger miles (the best indicator of ridership) have increased over 19 percent. Passenger miles per train mile—a measure of density—have increased 22 percent. For every mile traveled by each of Amtrak's 220 trains every day and night, an average of 189 passengers are aboard. During the past year, over 21.5 million intercity passengers traveled by Amtrak, and an additional 15.4 million commuters rode on trains operated by Amtrak under contract with local transportation authorities. Amtrak is the leading carrier between Washington and New York and carried over 11 million intercity passengers along the Northeast Corridor, which runs from Washington to Boston. Amtrak's eight daily trains operating in the densely populated San Diego to Los Angeles corridor have shown dramatic growth and now carry in excess of 1.7 million passengers annually, a significant percentage of all public transportation along that corridor.

Finally, Amtrak's growing success in the market place is paralleled by its leadership in many technological areas, including the Centralized Electrification and Traffic Control (CETC) system on the Northeast Corridor, the design of new passenger cars, the first American use of new state-of-the-art locomotive technology, and modern production-line maintenance systems. Our passenger equipment provides a world standard for safety, comfort and efficiency, and Amtrak's Arrow reservation and information system is the most sophisticated, specialized system of its kind in the world.

Amtrak's progress in the past 8 years is summarized in the following chart.

COMPARISON OF FINANCIAL AND PERFORMANCE DATA

	1981	1988	Change
Total Revenues In Current Dollars (millions)	$612.2	$1,106.7	+81%
Total Revenues (1981 $ millions)	$612.2	$798.1	+30%
Revenue to Cost Ratio	0.48	0.69	+44%
Total Federal Grant (1981 $ millions)	$896	$437	−51%
Federal Operating Grant In Current Dollars (millions)	$675.8	$532	−21%
Federal Operating Grant (1981 $ millions)	$675.8	$402	−40%
Federal Capital Grant In Current dollars (millions)	$221	$28	−87%
Revenue to Short-Term Avoidable Cost Ratio	0.73	1.15	+58%
Revenue to Long-Term Avoidable Cost Ratio	0.60	0.90	+50%
Passenger Miles (millions)	4,762	5,678	+19%
Passenger Miles Per Train Mile	155	189	+22%
Total Federal Support As A Percentage Of U.S. Budget	.1%	.05%	−50%
Managerial Staff As Proportion Of Work Force	.15	.12	−20%

We are proud to have succeeded in making such really significant improvements in our financial performance, and certainly will strive to continue this trend. However, when we consider the dramatic decline in Federal funds available for Amtrak's capital requirements during the past 8 years, I cannot be as optimistic about Amtrak's long-term outlook without a more realistic long-range plan to address our capital requirements. As Chart 4 demonstrates, in fiscal year 1981, our Federal appropriations available for capital amounted to $221 million. The resulting return on the investment of this and other capital grants in new rolling stock and capital was a major factor in enabling Amtrak to make the impressive service and financial improvements described above. In almost every year thereafter, however, funds available for capital investment (exclusive of NECIP) declined precipitously: in fiscal year 1986, Federal capital grants were essentially zero; for fiscal year 1989, appropriated capital is estimated to amount to only $28 million, a decline from fiscal year 1981 of some 87 percent. In constant 1981 dollars—which is the best way in which to compare the real purchasing value of the capital—this fiscal year 1989 capital amounts to only $20.2 million, a decline of 91 percent since 1981. Moreover, even this decline is seriously understated, because Amtrak's Federal operating grant does not include any allowance for depreciation, which must also come out of capital.

To make matters worse, the Reagan Administration, in recognition of Amtrak's dramatic financial progress, has requested that $10 million in fiscal year 1989 Amtrak funds be re-programmed elsewhere, essentially penalizing Amtrak for its success. It is this logic that has so undermined Amtrak's efforts to address its critical capital needs and rolling stock shortage. If the Administration is successful, our fiscal year 1989 Federal capital would amount to just 6 percent of the amount available 8 years ago.

It is important to note that Amtrak's ability to provide some of its own capital funding is growing. Our revenue enhancement program and real estate development projects ranging from cogeneration at New Haven to welding rail for commuter authorities to developing the commercial potential of Penn Station in New York and Chicago Union Station—are generating approximately $30 million per year that, all agree, is to be applied towards our capital requirements. In time, we expect these activities to generate sufficient funds to cover a significant portion of those requirements. However, our short-term capital needs exceed $150 million *exclusive* of rolling stock, and we still must look to the Federal Government for the difference. The lack of federally appropriated capital has forced Amtrak to delay or eliminate many crucial capital projects. Without this investment, Amtrak cannot hope to maintain the favorable financial momentum it has achieved in recent years and service necessarily will decline.

European countries, on the other hand, have always recognized the importance of capital investment in their rail networks. The 12-nation European Community has embarked on an ambitious project to provide high-speed rail service between the major cities on the continent. This effort has been prompted by the need to relieve severe airport and highway congestion. The capital cost for the project—which is to include new rail lines and significant new equipment acquisitions and is intended to make the train the carrier of choice for trips of 350 miles or less—is expected to exceed *$50 billion* by 1995. In contrast, total capital investment in Amtrak and the Northeast Corridor since Amtrak's inception some 18 years ago amounts to less than $3.7 billion.

Last year, the Senate Commerce, Science and Transportation Committee examined the history of Federal financial support for Amtrak and concluded that increased support for Amtrak's capital priorities was essential. In its report on S. 2320, a bill to reauthorize Federal funding for Amtrak, the Committee stated:

> [We] recognize and note that improved facilities and equipment are necessary to enable Amtrak to grow and to provide better, more reliable service at less cost. Neglecting to invest in such improvements will prevent Amtrak from replacing critical capital assets once they are consumed. This is likely to result in Amtrak's reduced reliability, increased vehicle maintenance, deteriorating quality of service, and an increase in the cost of providing service. In fact, Amtrak's recent on-time performance decrease is in part due to its lack of sufficient rolling stock and the consequent overuse and undermaintenance of existing rolling stock to handle a growing passenger demand.
>
> Amtrak has reached a critical juncture with respect to its need for capital, and can no longer absorb the severe cut in capital grants that have characterized the past several years without a decline in the quality of its service. Increased emphasis on capital investment in Amtrak is vital now to protect and enhance the Federal investment in Amtrak's infrastructure and to enable continued progress in reducing the cost of operating rail passenger service.

Amtrak will continue to do its best with the capital resources we generate ourselves and with the Federal capital support we receive. There is no doubt, however, that the quality of the service we provide will deteriorate if our capital needs are not better addressed

In this regard, much of Amtrak's future success will depend on our ability to acquire the equipment capacity to meet the growing demand for rail passenger service. Some 250,000 passengers were forced to stand during the past year on Northeast Corridor and Empire Service (New York State) trains during weekend and peak holiday periods due to the lack of sufficient equipment, and we are experiencing a standee problem as well on our San Diego trains and other unreserved services. Reserved space on most of Amtrak's long-distance trains to Florida and in the West is sold out weeks and even months in advance—particularly for sleeping accommodations. Sold-out trains mean lost revenue to Amtrak. The lack of equipment for even existing services means we cannot add additional frequencies or start new services even where revenues from such services would exceed their costs or where individual states are willing to share in funding the service under the "403(b)" program.

New equipment would enable us to relieve standee problems on our unreserved trains and meet the existing demand for long-distance and Metroliner services. It would give us the capacity to meet the growing demand for rail passenger service and help provide state and local governments a far less costly alternative to new highway or airport construction in crowded transportation corridors. It would also enable us to replace our inefficient and increasingly unreliable 30-40 year old Heritage fleet cars inherited from the private railroads nearly 18 years ago, and thereby make our services more marketable, reliable and efficient.

Despite very limited Federal capital grants, we have been successful in privately financing some recent Amtrak equipment acquisitions. This past year, Amtrak privately financed a 100-car order of new "Horizon Fleet" short-distance coaches from

Bombardier. These cars, which begin arriving in March, will be used in various Midwest routes, making Amfleet cars available for use in the Northeast Corridor, which will at least partially relieve existing standee and overcrowding problems. Amtrak also has privately financed the purchase of a small number of new diesel and electric locomotives to alleviate a critical locomotive shortage.

We are encouraged by the willingness of private investors to fund equipment purchases and believe we can continue to rely on private financing for a portion of our equipment needs. Combined with Federal capital assistance, I believe that Amtrak can fund the acquisition of our most pressing equipment need—replacement of the Heritage sleeping car fleet with Amtrak's newly designed, state-of-the-art Viewliner. Amtrak has designed and built three prototype Viewliner cars and is testing them throughout the Amtrak system. The design, efficiency and comfort of the new cars has won praise from passengers and transportation officials worldwide. We will be ready in fiscal year 1990 for a major production-line acquisition of Viewliners and lack only the capital to acquire them. Amtrak needs these new cars if it is to eliminate the high cost of maintaining its aging Heritage fleet and provide its passengers with modern and reliable accommodations.

I would propose that $50 million from Amtrak's fiscal year 1990 appropriations be reserved to acquire Viewliner cars. Amtrak in turn *will match* this amount in private financings, to be paid for from revenues generated by the new cars. In this manner, some of our critical equipment needs can be alleviated at minimal cost to the Federal Government.

As part of our Legislative Report filed with Congress on February 15, 1989, Amtrak proposed several other ways in which the cost of operating rail passenger service could be significantly reduced. I am submitting a copy of the Legislative Report provided to our authorizing Committees along with my testimony today for your review. Enactment of these proposals would enable Amtrak to save substantial funds that then could be used for capital expenditures. Although the Commerce Committee will formally consider our proposals, I would ask the Members of this Subcommittee to support these initiatives and urge their adoption. They represent good public policy and would save the government tens of millions of dollars in annual appropriations.

One proposal included in our Legislative Report is to authorize Amtrak to issue tax-exempt bonds to help fund its capital and rolling stock requirements. This form of Federal assistance has been available for airport construction for years. The issuance of such bonds would reduce the need for the government to appropriate large amounts of capital to Amtrak. Moreover, any loss to the Treasury from the tax-exempt nature of the bonds would be offset by the lower carrying costs of the bonds that would be incurred by Amtrak.

With adequate capital funding, Amtrak can continue to improve its revenues and efficiency and can further develop the enormous potential of rail passenger service to contribute to a balanced national transportation system. Given the realities of the Federal budget deficit, however, I recognize the difficulties of providing adequate funding for Amtrak through general revenues. I strongly believe, therefore, that in the long run the best way to provide sufficient financial resources for Amtrak—particularly for critically important capital and rolling stock programs—is to fund Amtrak's operations through a unified Transportation Trust Fund, supported by the gasoline tax.

A balanced national transportation system requires a balanced approach to funding; today, aid to highways comes from the Highway Trust Fund; aid to mass transit comes in part from the Highway Trust Fund and in part from general revenues; assistance for air travel comes in part from the Airport and Airway Trust Fund, in part from tax free bonds for airports and comparable facilities, and in part from general revenues; and assistance for intercity rail passenger service currently comes only from general revenues. Different funding mechanisms result in an unbalanced, inconsistent and at times counterproductive approach to our national transportation system. A single unified funding program would better ensure a consistent, energy sensitive transportation policy.

A penny a gallon from gasoline tax revenues, used to fund Amtrak, would have numerous advantages and is supported by a number of transportation and environmental organizations. First, since Amtrak currently is funded from general revenues, use of new trust fund revenues for Amtrak would in effect constitute deficit reduction. More importantly, while Amtrak still would be required to justify its operating and capital budgets to this Committee and to Congress, a dedicated funding source would ensure availability of the resources needed by Amtrak to operate its system and to purchase equipment. This would enable Amtrak to do meaningful long-term planning, not now feasible, and would also de-politicize the funding of rail passenger service. In addition, a dedicated funding source for Amtrak would give non-federal financial institutions more confidence in the long-term future of Amtrak and in lending funds to Amtrak for capital and rolling stock programs.

Moreover, I believe that in the long run this nation's energy security requires that more Americans use efficient intercity rail passenger service and mass transit. Nearly half of our petroleum requirement is now imported from abroad, despite significant steps taken to improve energy conservation. Enabling Amtrak to meet existing demand can help reduce our need for foreign oil; further developing the vast potential of rail passenger service *now* will help ease the shock of major oil price rises in the future.

Amtrak will work closely with the Administration and with Congress to address our funding needs and to identify steps that can be taken to further reduce our dependence on Federal financial support. We will aggressively seek enactment of the proposals included in our Legislative Report, which could save tens of millions of dollars annually in operating costs. As Congress considers ways to reduce the Federal deficit, however, I cannot over-emphasize the long-term benefits to Amtrak and the nation from including Amtrak in any proposals related to changes in the gasoline tax. Amtrak's contribution to a balanced national transportation system for the next decade and into the next century may well depend on it.

IMPROVING RAIL PASSENGER SERVICE

September 1988 ushered in a dramatic symbol of the growing importance of rail passenger service: the opening of the restored Union Station in Washington, D.C. For years, Amtrak's inadequate makeshift and inefficient southern terminus of the Northeast Corridor reflected what many considered the dim prospects for the future of rail passenger service in this nation. Many wondered if this was the best that could be expected from Amtrak.

Inspiring leadership from Congress, from the Department of Transportation, particularly Secretary Elizabeth H. Dole, and a unique, cooperative effort from the public and private sectors led to the restoration of Union Station as perhaps the most magnificent and successful rail station and commercial development in the nation. Restored to its original splendor, detail and function, the station officially reopened on September 29, 1988, to nationwide publicity and praise. In addition to serving as a spacious, modern and inspiring station for three million Amtrak passengers, almost two million rail commuters, and six million Metro Rail riders, the massive Beaux Arts building now includes over 100 commercial establishments, including stores, restaurants, and theaters. In the short time that the station has been open, Amtrak ridership originating in Washington has shown dramatic gains, and commercial activity within the station has exceeded the most optimistic expectations. I personally want to express my thanks to Congress, particularly those Members on the Senate and House Appropriations Committees and Public Works Committees, for their perseverance and vision in enabling this project to go forward. The station symbolizes Amtrak's present success and bright prospects for the future.

Several other important station projects were completed as well. A beautifully restored South Station in Boston has reopened, due to the hard efforts of the Commonwealth of Massachusetts, the Massachusetts Bay Transportation Authority, and the Urban Mass Transportation Administration (UMTA). Amtrak recently remodeled and greatly expanded its Auto Train terminal facilities at Lorton, Virginia, and Sanford, Florida, in response to the spectacular success of our Auto Train service. In Amtrak's New York Pennsylvania Station, a multi-year rehabilitation project is underway; new ticketing and passenger service facilities already are in service, and completion of the project in the next year will see an efficient tribute to the busiest station in Amtrak's system.

An impressive sign of support for Amtrak is the growing financial commitment from state and local governments for capital projects. Because of our scarce capital funds, Amtrak must rely on local funding for most station improvement projects and other capital enhancements that are primarily local in nature. During the past year, nearly $28 million in local station, equipment and track upgrading projects were jointly undertaken by Amtrak and local and state governments at a cost to Amtrak of only $6 million. These included improvements to stations at Kissimmee, Florida; Pittsburgh, Pennsylvania; Springfield, Illinois; Niles and Flint, Michigan; Utica and Rhinecliff, New York; and numerous other stations throughout the Amtrak system. Significant locally funded track improvement programs are underway in Illinois, Michigan, California, New Jersey, Wisconsin and New York. In addition, Michigan and California are funding important equipment rehabilitation programs for use on Amtrak routes located within their states.

Amtrak also has made other important improvements throughout its system. An Express Metroliner Service train was added offering 2 hour and 30 minute non-stop service between Washington's New Carrollton station and New York (2 hour and 40 minutes from Union Station), and the success of this new service augurs well for additional non-stop service if equipment can be made available. In November 1988, service between Chicago and Houston via Dallas, Texas, was reestablished as a branch of *The Texas Eagle*. Amtrak's *Palmetto,* a daytime train between New York and Savannah, Georgia, was extended to Jacksonville, Florida. These additions to our service are possible because existing equipment could be used and because passenger revenues from these extensions are projected to meet or exceed the cost of the new service. We constantly are seeking to identify other routes where the cost of additional frequencies or new service is covered by expected revenue and where no additional equipment is required. Unfortunately, we have been forced to turn down many opportunities—including some from states interested in helping to financially support new service, including Alabama, California, Kansas, North Carolina, Pennsylvania and Wisconsin—because we have no available equipment.

Work continues on Amtrak's Westside Connection that will enable direct connections between Northeast Corridor trains and trains serving upstate New York and points west. Coordination of the project with numerous state and local agencies, and continually escalating costs, have made this an enormously challenging endeavor for both Amtrak and the State of New York, which are jointly funding the connection. When completed in 1991, the Westside Connection will vastly improve rail passenger service in the New York area, thereby generating increased revenue, and will enable Amtrak to locate all its New York operations at Penn Station with significant savings.

During October 1988, Amtrak and the Coalition of Northeastern Governors (CONEG), in close cooperation with the Federal Railroad Administration, completed the testing of various equipment designs that could significantly reduce the travel time between New York and Boston along the Northeast Corridor. Turbo and tilt technology trains from Spain, Canada and the United States were tested for the ability to provide comfortable, safe operations at speeds in excess of those at which Amtrak trains presently operate. Detailed surveys of each equipment type by passengers and experts were made, and a final report on the tests will be released in the near future. Amtrak and CONEG are committed to working closely on identifying and hopefully funding projects that will enhance the marketability and ridership of rail service in the Northeast. We are very pleased with CONEG's involvement in this area and are excited by the potential of our partnership.

Finally, Amtrak service to Atlantic City will begin this coming May 1989. The track upgrading project, jointly funded by NECIP funds and the State of New Jersey, is nearly complete, and equipment is being prepared by Amtrak for the service. A minimum of four daily all-reserved trains will operate between Philadelphia and Atlantic City, as well as one daily express train each from New York and Washington to Atlantic City. These new trains are expected to carry as many as one million passengers annually. Amtrak expects the new service to generate more than $30 million in revenues, substantially in excess of the cost of operating the service. The potential of the service is enormous, and we greatly appreciate the support of Congress and of New Jersey for this project.

RENEWED FOCUS ON SAFETY

My greatest single priority at Amtrak has been to enhance the safety of our employees, our passengers, and the citizens of the communities through which we operate. We have made great strides in this area and we will continue to focus on new ways to improve safety.

Once near the bottom of all Class I railroads in terms of the number of reportable employee injuries, Amtrak's focus on safety has resulted in a dramatic improvement to the point where we now are near the top of the list. Indeed, Amtrak will receive the Harriman Safety Award for the "Most Improved" safety record of a Group A railroad during 1988. I am extremely proud of our improving safety record, which translates into fewer injuries, a safer work environment, and significant savings. The implementation by Amtrak of the Safety Training and Observation Program (STOP), designed by the E.I. du Pont de Nemours & Company, has played an important part in this improvement. Designed to enhance safety through education rather than discipline, the program eliminates the traditional system of penalizing employees for unsafe practices and instead trains employees to identify problems and to adopt safe ways to avoid them.

Another important contribution has been the implementation on Amtrak of the Operation Red Block program, a joint effort of management and our two operating unions to educate employees about the dangers of drugs and alcohol and to prevent their abuse. Red Block operates through worker peer groups that provide educational programs and, where necessary, intervene to help fellow employees. We are very pleased with the response to this program so far and by its enormous potential to alleviate what I consider the greatest threat to safety on the railroad.

Even with Operation Red Block, however, I still believe that random drug testing of safety sensitive railroad employees is the only measure that can ensure the degree of safety essential to operate a public transportation system. The lessons of the Chase, Maryland accident in 1987 make clear the disastrous and fatal consequences that can result from impairment associated with the use of drugs or alcohol. Amtrak strongly supports the random testing program mandated by the Department of Transportation for railroads and, barring successful legal challenge to the program, intends to comply with both its substance and spirit as soon as possible. I should note to the Committee that compliance with the program comes with a cost. Amtrak estimates that compliance will cost approximately $1 million annually, and our fiscal year 1990 budget anticipates such an expenditure. Nonetheless, I believe this is a small cost indeed to ensure that the traveling public and our employees are protected.

Despite the excellent progress we are making at improving employee safety, I believe by far that the greatest impediment to enhanced work place safety is the continued use of the fault-based Federal Employers' Liability Act (FELA) to resolve claims for employee injury compensation. For nearly every other industry in the United States, employees are compensated for injuries under individual state no-fault workers' compensation programs. These programs ensure that injured employees receive reasonable benefits regardless of fault for the duration of their disability. In great contrast, under the FELA, a statute enacted prior to the development of no-fault workers' compensation programs, an employee must sue his employer in court to recover any benefits, unless the parties can reach a settlement. The key to recovery by the employee is to establish that the injury was caused by the negligence of the railroad. Incredibly, if the employee was at fault, he or she may recover *nothing* for the injury. This requirement to determine fault—which is entirely absent under no-fault workers' compensation programs—creates an extremely adversarial relationship between the employee and the railroad-employer as each must try to prove to a jury that the other was responsible for the injury. It also dramatically increases the legal fees associated with the claim, both on the part of Amtrak and the employee. Generally, the employee loses between 25 and 40 percent of any FELA award for attorney and litigation costs. In turn, Amtrak must pay substantial litigation expenses defending FELA cases. Amtrak's total cost for resolving FELA claims, including payouts to plaintiffs and their attorneys, administrative costs, and legal defense costs, exceeded $52 million during 1988.

In addition, because FELA attorneys want to present the most sympathetic and dramatic case to the jury, employees are strongly discouraged from returning to work or seeking rehabilitation. For example, of the 11 crew-member employees who filed FELA injury claims related to Amtrak's January 1987 Chase, Maryland accident, only *one* has returned to work. Similarly, although there were no passenger injuries reported following a December 25, 1988, minor Amtrak derailment near Glenwood Springs, Colorado, all 16 of the on-board employees filed FELA claims and four of them have not yet returned to work.

In our Legislative Report, we have proposed that the injury claims of Amtrak's employees be resolved under state workers' compensation programs for a three-year test period, during which the data necessary to make an informed decision on the future of the FELA can be developed. Amtrak could save substantial funds under state workers' compensation programs, and we believe that employees would be afforded a more equitable remedy for their injuries. Moreover, I believe that work place safety would be significantly enhanced under a no-fault compensation system. The FELA undermines efforts to create a work environment conducive to reducing employee injuries. Work place safety requires a commitment at all levels of the corporation—from the brakeman to the boardroom—to work together to identify potential problems, to learn from previous experience, and to devise new procedures to eliminate unsafe conditions and practices. A compensation system that requires management and labor to point fingers at each other, perhaps even to obscure the real cause of accidents, undermines such a cooperative spirit and inhibits our safety program.

Amtrak first recommended the three-year test proposal in its 1988 Legislative Report, and its merits were considered at length at a hearing held last year by the

Senate Subcommittee on Surface Transportation, chaired by Senator James J. Exon. The proposal is strongly supported by the rail industry, which itself is seeking relief from the FELA, but is opposed by some railroad labor groups and the FELA plaintiffs' trial bar, who have funded the opposition to Amtrak's proposal. The proposal also has been favorably received by many of the state workers' compensation commissions. Although Amtrak supports elimination of the FELA for the entire railroad industry, using Amtrak to test the merits of the state workers' compensation programs for a three-year period would provide Congress with the data it needs to analyze this issue in an informed manner. Moreover, any financial savings achieved will directly reduce Amtrak's need for Federal financial support. After monitoring the results of Amtrak's experience under workers' compensation, we strongly believe that Congress will conclude that railroad safety would be significantly enhanced, not only for Amtrak but for the entire industry, if FELA were repealed.

CONCLUSION

Amtrak has made enormous strides in the past several years in improving its financial performance and in reducing its need for Federal financial support. This past year was extraordinary, and the prospects for continued growth are strong. We are now perhaps the most efficient passenger railroad in the world. However, we can do even better. With enactment of the statutory changes we have recommended in our Legislative Report, Amtrak's need for Federal operating support could be significantly reduced. The growing demand nationwide for Amtrak service has demonstrated the substantial contribution rail passenger service makes to a balanced transportation system, to reducing the need for and enormous cost of additional highways and airports in congested transportation corridors, and to the energy security of the nation. With the support of the Administration and the Congress, and with access to the capital we need to acquire equipment and to improve our efficiency, Amtrak can succeed in its goal of improved service at less cost to the Federal Government.

COMPARATIVE REVENUE AND EXPENSE CHANGE

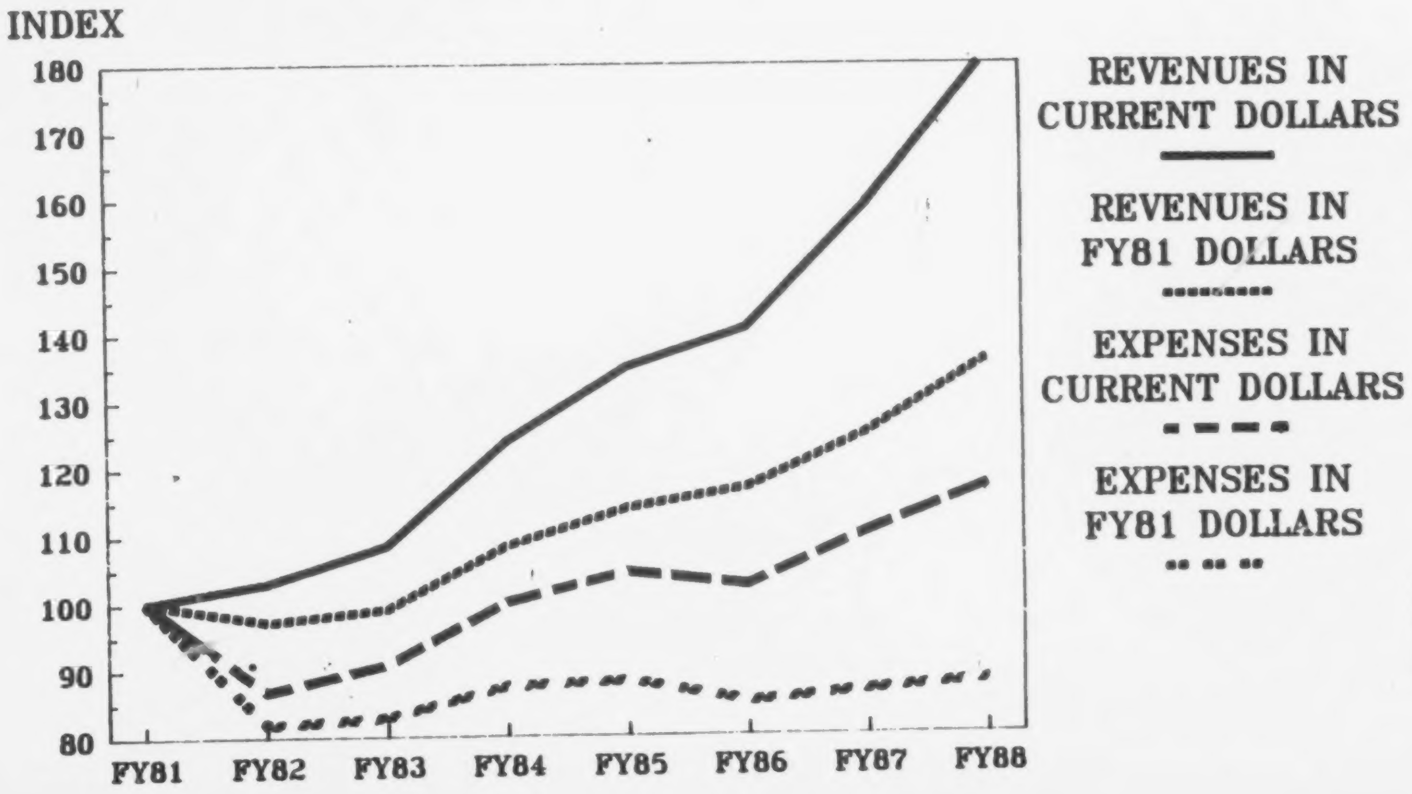

CHART 1

CHART 2

COMPARATIVE CHANGE IN REVENUE TO COST RATIO

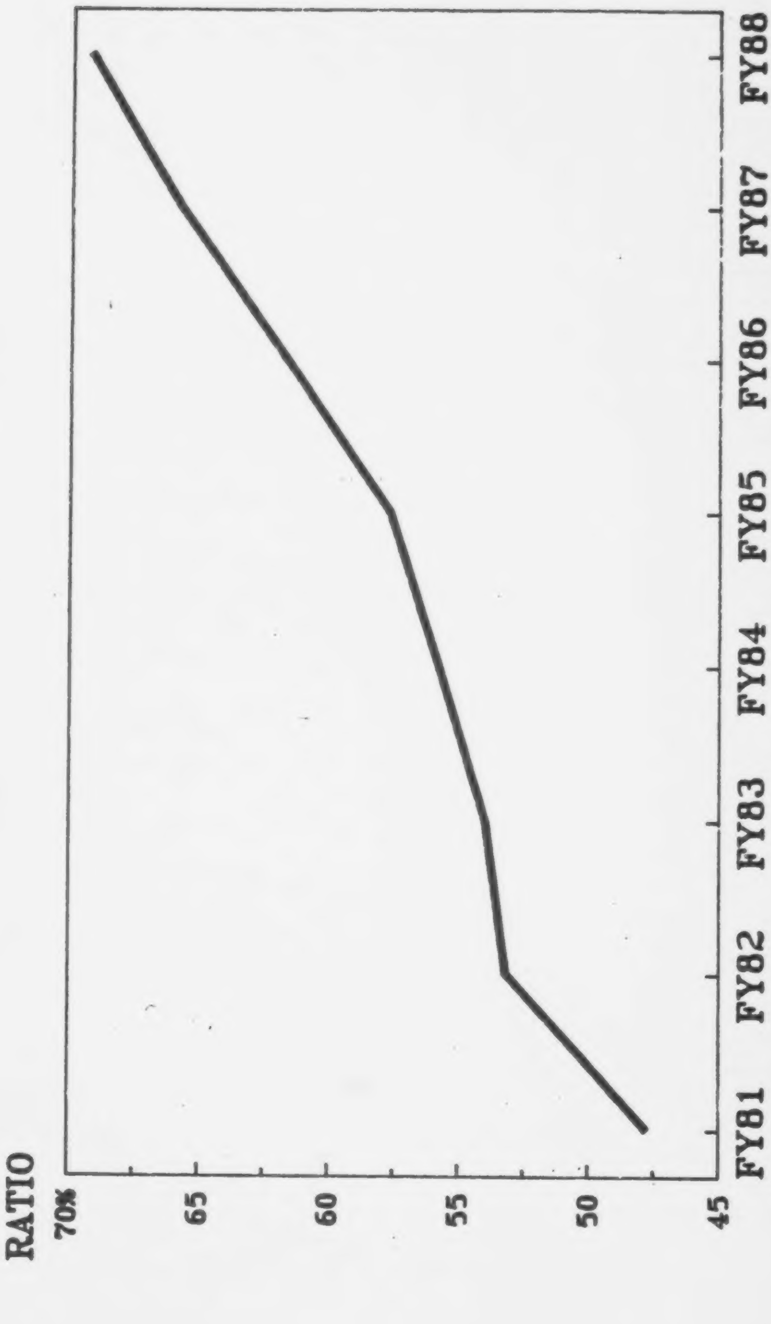

CHART 3

COMPARISON OF FEDERAL SUBSIDY IN CURRENT AND CONSTANT FY81 DOLLARS

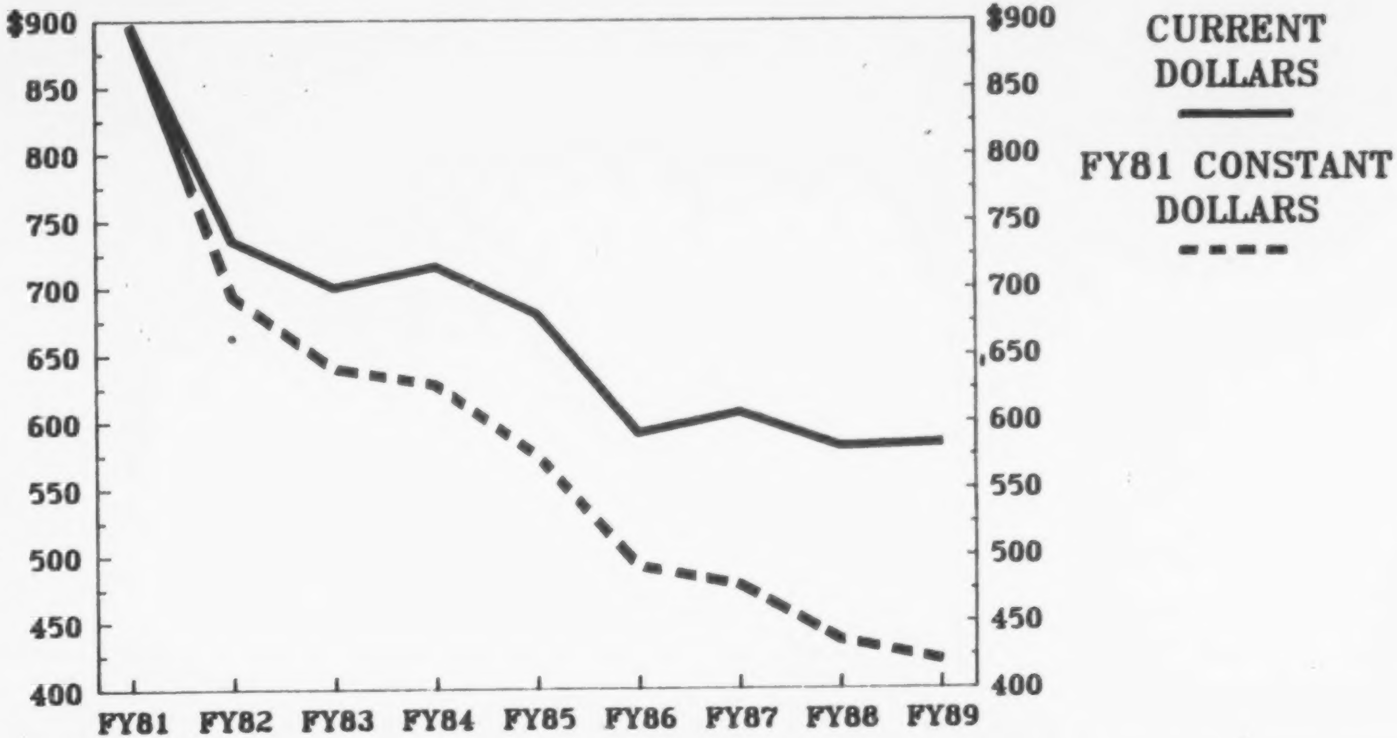

CHART 4

OPERATING AND CAPITAL ALLOCATION
OF AMTRAK'S FEDERAL APPROPRIATIONS
($ millions)

	OPERATING GRANT*		CAPITAL GRANT	
Year (FY)	CURRENT $	CONSTANT 1981 $	CURRENT $	CONSTANT 1981 $
1981	675.8	675.8	220.5	220.5
1982	558.4	526.8	176.6	166.5
1983	605.5	553.0	94.3	86.1
1984	618.1	540.7	98.3	86.0
1985	627.7	530.1	52.3	44.2
1986	588.7	495.2	2.0	1.7
1987	580.5	462.8	26.5	21.0
1988	534.6	402.0	46.2	34.7
1989(est)	556.0	400.6	28.0	20.2

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* Includes labor protection.

[ATTACHMENT 1]

IMPACT OF THE ELIMINATION OF AMTRAK SERVICE

For the fifth straight year, the Administration has recommended that Federal funding for Amtrak be eliminated. Thus far, Congress has successfully resisted this recommendation, and for fiscal year 1989, Congress appropriated $584 million in operating and capital support. The elimination of Federal funding for Amtrak—or even a portion of it—would bankrupt Amtrak and force it to immediately discontinue all rail passenger service.

Elimination of Amtrak service would have dramatic implications for transportation in this country, for Amtrak's 23,000 employees, and for the Federal taxpayer, who would lose service but nonetheless be required to pay billions of dollars in federally-imposed labor protection payments to unemployed Amtrak workers for years to come.

Some of the consequences and costs associated with the discontinuance of Amtrak service are detailed below.

A. COST OF ELIMINATING OR REDUCING AMTRAK FUNDING

1. *Amtrak Cannot Absorb Additional Reductions In Its Budget*

- Nearly a decade of reduced Federal funding for Amtrak has produced an extremely efficient and cost-effective operation with little, if any, "fat' that can be eliminated without cutting service or seriously undermining the quality of service.
- Federal capital grants, which totaled $221 million in fiscal year 1981, have been reduced some 91 percent to approximately $20 million for the past few years, making it impossible to replace exhausted, unreliable and expensive equipment. Reduced capital support thus forces operating costs to actually increase.
- Federal operating support *cannot* be reduced by cutting routes. The elimination of service triggers labor protection benefits that are imposed under Federal law

and entitle employees who lose their jobs to as much as six years of salary. These payments *exceed* the savings that can be realized from eliminating individual routes.

2. *The Elimination of Federal Support Would Mean The Permanent and Irrevocable Termination of Intercity Rail*
   - Although Amtrak provides 70 percent of its own operating budget, it depends on the Federal Government for the remaining 30 percent. Without Federal financial support, all Amtrak service would be terminated.
   - Amtrak as a corporate entity would be dissolved and its assets would be scrapped; once liquidated, restoration of a national rail passenger system—securing and restoring equipment, stations and facilities, as well as reorganizing an experienced labor pool to operate the system—would be extremely difficult and prohibitively expensive.
   - The United States would become the only developed country in the world with no intercity rail passenger service.

3. *Enormous Capital Waste*
   - $3.3 billion in modern passenger locomotives, equipment, would be scrapped, and numerous specialized shops would be closed down. There is little market for intercity passenger equipment or maintenance facilities, other than with state commuter authorities, which would have to depend on Federal subsidies (through UMTA) or state funds to purchase any of Amtrak's assets. Thus, there would be little if any net Federal savings generated from a salvage sale of Amtrak's assets.
   - Amtrak's high-speed—125 m.p.h.—Northeast corridor (NEC) rail lines—improved by the Federal Government at a cost in excess of $2 billion—would be downgraded to slower commuter and freight speeds or removed altogether. Upgrading these lines at some future date (e.g., following the next gasoline shortage) would be extremely expensive.
   - Railroad maintenance facilities and stations required for intercity passenger service would be converted to other use. Once converted, use of these facilities in the future for rail passenger service would be costly and in many cases impossible.

4. *Immediate Unemployment Impact*
   - Upon termination of service, 23,000 employees would lose their jobs—22,500 Amtrak employees and 500 employees with other railroads—in 44 states. This would have a catastrophic impact on Federal railroad unemployment and retirement programs, resulting in significantly increased costs to freight and commuter railroads or to the Federal Government.

5. *Immediate Adverse Impact On The Federal Budget*
   - Termination of Amtrak service would trigger *$2.6 billion* in federally-imposed labor protection payments to Amtrak and other railroad employees who lose their jobs.
   - Liability for fiscal year 1990 labor protection payments alone would be $765 million, significantly greater than Amtrak's fiscal year 1990 grant request.
   - Amtrak's assets would be insufficient to pay the labor protection claims, and the Amtrak bankruptcy estate and labor would look to the Federal Government for payment. Despite the termination of national rail passenger service, the Federal taxpayer would be required to fund a multi-billion dollar bailout for Amtrak.
   - Enormous administrative costs would fall upon the United States and others in dealing with the Amtrak bankruptcy estate, distributing necessary properties to other users, and handling creditors.

6. *The Cost of Operating and Maintaining the Northeast Corridor Would Fall On State Commuter Authorities and Railroad Freight Shippers*
   - In FY 1988, it cost Amtrak $734 million to operate and maintain the NEC for Amtrak, commuter and freight train use. Even with revenues of $516 million from Amtrak trains and from payments paid by state commuter authorities and freight carriers, nearly $220 million in Federal assistance was needed to support NEC operations. In the absence of Amtrak, Federal financial support (directly or through UMTA) in the amount of $118 million *still would be required* to operate and maintain the NEC for the commuter operations of the MBTA (Massachusetts), NJT (New Jersey), SEPTA (Pennsylvania), and MARC (Maryland), and for freight services.

- If Federal support for the NEC were eliminated, its commuter and freight users would be required to absorb this additional $118 million in addition to the costs they already pay: This cost would be allocated as follows:

Commuter Authority or Freight Railroad	*Additional Cost*
MDOT (Maryland)	$20,500,000
SEPTA (Pennsylvania)	12,900,000
NJT (New Jersey)	30,700,000
MBTA (Massachusetts)	11,900,000
Conrail	41,900,000
Total	117,900,000

7. *Increase in Cost for Boston and Chicago Commuters*

- Amtrak operates the MBTA rail commuter system serving the Boston metropolitan area. Elimination of Federal funding for Amtrak would initially disrupt MBTA service—a new operator would have to be found to run the system, maintain the equipment, and employ and manage the manpower necessary to operate service. In addition, the maintenance and operating costs to the MBTA for the NEC between the Massachusetts-Rhode Island border and Boston, as well as for using South Station, Back Bay Station and Rt. 128 Station, would increase dramatically without Amtrak's contribution.
- If Amtrak's use and support of Chicago Union Station were discontinued, Chicago's Regional Transit Authority (RTA) would be faced with an increased cost of $4.2 million per year to continue to operate its commuter service used by 98,000 commuters per day in and out of Chicago Union Station.

8. *Elimination of Amtrak Service Would Have A Harsh Effect on NEC Passengers With Limited Options*

- In 1988, Amtrak carried 17,000 non-commuter passengers daily, twice as many passengers between and among the NEC stations of New York, Newark, Philadelphia, Wilmington, Baltimore, and Washington as all the airlines combined. In 1987, Amtrak surpassed Eastern Airlines to become the largest carrier in the New York-Washington city pair.
- Between the end points of New York and Washington, Amtrak handled over 4,200—36 percent—of the 11,600 daily New York to Washington air and rail passengers based on the last quarter for which air data was available—more than the Eastern or Pan Am shuttles.
- If Amtrak NEC service were eliminated, these riders would be forced to fly between Washington and New York and other NEC destinations. To carry just the 4,200 passengers who daily travel between New York to Washington (1,533,000 annual ridership), an additional 60–70 *additional* airline flights would be required each day—mostly during peak travel times.
- It would be physically impossible for the already overcrowded New York airports to handle all of the passengers now traveling to New York by Amtrak; new airport facilities are unlikely.
- The cost for new airports (and associated roads) or for new highways to replace rail travel would be exorbitant, environmentally intrusive, and highly unpopular. The present Federal subsidy for operation and maintenance of the NEC would be dwarfed by the capital and operating cost of alternative public transportation.
- Amtrak often provides the sole means of transportation during severe weather and other emergencies.

9. *Harsh Effect on Low Income and Elderly Passengers*

- Nearly half of Amtrak's riders, three-fourths of its passenger miles, and two-thirds of its revenues come from its non-corridor operations. These are largely long-haul services, whose passengers are drawn heavily from the poor and elderly.
- 30 percent of long-haul passengers have family incomes of under $20,000; 51 percent have family incomes below $30,000. (1987 U.S. mean family income was $36,568.)
- 48 percent of long-haul passengers are 55 and older; 28 percent of long-haul passengers are 65 and older.

10. *Elimination of Public Transportation for Many Communities Where Amtrak is the Primary or Sole Mode Of Public Transportation*

(Data Source: Jan. 1989 *Official Airlines Guide* and Jan. 1989 *Russell's National Motor Coach Guide*)

- Amtrak serves roughly 500 communities—more than the major airlines combined. In many areas nationwide, Amtrak is the *only* passenger service which operates during severe weather.
- Some 109 communities served by Amtrak have no air service. This number will rise to 140 if the Essential Air Service program is eliminated, as proposed by the Administration.
- 102 communities have no direct intercity bus service. Seventy-eight of those communities do not even have connecting surface transportation.
- Thirty-four Amtrak-served communities have *neither* air nor bus service. This would rise to 40 if the Essential Air Service program is eliminated.

11. *National Defense Implications*

- Amtrak has 70,000 coach seats and 6,000 sleeping car berths in daily service; 75 percent of this capacity could be made available immediately for any emergency evacuation or other such requirement, and the remainder could become available anywhere in the country in 48–72 hours.

B. LOSS OF THE NATION'S INVESTMENT IN AN INCREASINGLY SELF-SUFFICIENT AMTRAK

1. *Amtrak's Reliance on Federal Financial Support Has Steadily Decreased*

- Between fiscal year 1981 and fiscal year 1989, Amtrak's need for Federal support declined 35 percent in current dollars and 53 percent in constant dollars.
- Each year, Amtrak covers a significantly larger percentage of its total costs with its own revenues. In the last 8 years alone, Amtrak's revenue-to-cost ratio has improved by more than 44 percent, from .48 in fiscal year 1981 to .69 in fiscal year 1988. In fiscal year 1989, Amtrak expects to cover 70 percent of its costs, higher than any other passenger railroad in the world of which we are aware.
- Amtrak revenues now cover more than 100 percent of the short-term avoidable (above the rail) costs of operating trains on a systemwide basis (these are the costs of fuel, crews, etc.) and in fiscal year 1988 covered 90 percent of the long-term avoidable costs. By contrast, in fiscal year 1981, Amtrak covered just 73 percent of the short-term costs and only 60 percent of the long-term costs of operating its trains.

2. *Amtrak Has Achieved Record Financial Growth*

- During fiscal year 1988, Amtrak earned a record $1.1 billion in revenue, a 14 percent improvement over last year and an 87 percent increase since fiscal year 1981.
- Total passenger miles per train mile—a key volume indicator—was 189, the highest in Amtrak's history and up 22 percent over 1981.
- Total passenger miles for the Amtrak intercity system were 5.678 billion, the *highest* in Amtrak's history.

3. *Federal Financial Support For Amtrak Is Consistent With Federal Subsidies to Other Forms of Transportation*

- All public transportation in the United States is subsidized, so it is inequitable to single out Federal support for Amtrak without acknowledging Federal support for other public transportation modes.
- Between 1980 and 1989, nearly $20 billion in general revenues—exclusive of trust fund expenditures—have been used to fund the FAA's airline and airport programs.
- Tax-free revenue bonds used to fund grants-in-aid for airports deprive the Treasury of income tax revenues. Similarly, 65 percent of airline ticket revenue is for business travel, resulting in an income-tax deduction and loss of tax revenues. These indirect subsidies to the air travel industry constitute just as much a use of Federal revenues as does a direct appropriation.

4. *Amtrak's Net Cost To The Federal Taxpayer Is Far Less Than Level Of Funding Appropriated To Amtrak*

- Appropriations to Amtrak for fiscal year 1989 totaled $584 million. The actual *net cost* to the Treasury, however, is far less.
- Amtrak currently is paying over $130 million *surplus* into the Railroad Retirement and the Railroad Unemployment trust accounts, which money is counted as *revenue* by the Federal Government for budget accounting purposes. In other words, $130 million of Amtrak's $584 million appropriation actually will be *given back* to the government as Federal revenue. Thus, Amtrak's net fiscal year 1989 cost to the taxpayer really will amount to only $454 million.

- Amtrak will use $218 million of its fiscal year 1989 Federal appropriations—37 percent—to support the Northeast Corridor, a national transportation resource used by some 60 million rail commuters and 11 million intercity rail passengers and over which 40 million gross tons of freight was carried by freight railroads (Conrail, D&H and P&W). In this way, Amtrak's budget is used by Congress as the vehicle by which to provide Federal financial support for this invaluable transportation corridor.
- Thus, Federal support for Amtrak not only supports a national rail passenger system, but also provides Federal financial support for the Railroad Retirement system, the Railroad Unemployment system, and the Northeast Corridor. While these may constitute legitimate uses of Federal funds, they unnecessarily inflate the true cost to the Federal taxpayer for supporting a national rail passenger system.

REDUCED SUBSIDIES TO AMTRAK

Senator LAUTENBERG. Thank you very much, Mr. Claytor.

I couldn't help but note in your detailed testimony the financial statement that you included and the gain in revenues, the improvement in revenue to cost ratios, the fact that the Federal grants have declined from 1981 to 1988 by 51 percent, $896 million down to $437 million, and just the general improvements across the board—total Federal support as a percentage of the budget, decline in managerial staff. I assume that is intentional and not accidental. But it looks like you are working hard on the overhead side of things. It looks like you are working hard to improve that revenue.

COMPARISON WITH FOREIGN PASSENGER RAILROADS

I would just ask you this. Is there any basis for comparison between Amtrak's performance and other nations' rail systems that we could look to as some kind of a guide? Are we the only westernized, developed country in the world that subsidizes?

Mr. CLAYTOR. We can compare this with the closest parallel which is VIA of Canada, in effect, the Canadian Amtrak, which is comparable in its organizational setup to us. Our revenue-to-cost ratio is now about 70 percent, and the last figure I saw for theirs was less than 30 percent. So, this is not just our management that believes that Amtrak's system is more efficient than theirs. VIA has other problems as well. They have been required to run a lot of trains that were hopelessly money losers for political reasons and that sort of thing. But that comparison is one of the strongest we could have.

When we look at the European railroads, it is very difficult to draw comparisons, because most of their systems also include freight and commuter operations. One comparison I can draw is that practically every major country, like Great Britain, Germany, France, Japan, spend from 5 to 10 times as much in government funds on their railroad system as we do in this country. The British have just announced plans to invest many billions of dollars for capital improvement of the British rail system. By comparison, we invest peanuts. But we are trying as best we can.

Senator LAUTENBERG. The point that I wanted to make sure was clearly on the record is there is no rail service any place in the world that doesn't require some assistance from government.

Mr. CLAYTOR. That is absolutely true, yes, sir, and usually more than we get.

Senator LAUTENBERG. And I think that it is evident from the kind of support that you have gotten from passengers that the decline in subsidy from the Government is that we are on a successful track, to use the expression, that we ought not at this point to cut short the opportunity for this balanced transportation network.

AMTRAK RIDERSHIP

How many passengers did Amtrak carry last year?

Mr. CLAYTOR. On intercity service, about 22 million. If we count the commuter trains that we run under contract with MBTA and MARC, it will be closer to 37 million.

ZERO BUDGET SCENARIO

Senator LAUTENBERG. Now, if we didn't fund Amtrak, if we responded to the administration's request, how would the railroad function? What would happen?

Mr. CLAYTOR. Well, the record in our 4 previous years is replete on this and attachment 1 to my testimony details the impact of a zero budget. I will summarize just some of the very high points that are already in the record.

The first thing, we would terminate 23,000 employees. And Congress imposed on us in 1971 a labor protection formula that would require that anyone who loses his job as a result of discontinuance of passenger service is to be paid labor protection benefits—full salary and benefits—for up to 6 years, if he has as much as 6 years' seniority, which most of our employees do. This would amount to about $2.6 billion of liability that is incurred when Amtrak shuts down, which is a whole lot more than the Government is going to spend on us for quite a long time.

Our assets would have to be sold as scrap because they are only good for passenger service.

The commuter agencies—some of them would shut down. We operate the Massachusetts MBTA commuter system. New Jersey Transit could not operate unless they immediately picked up the costs of operating our whole main line from Trenton to New York which would come to an additional $31 million or so as a minimum for a year. So, I am not sure with their financial situation they could continue to operate.

SEPTA would have the same problem. And, of course, the Maryland DOT operation from Baltimore to Washington, which we operate, would also terminate.

Our intercity passengers here on the Northeast corridor would absolutely flood the airlines, particularly at the commuter peak hours, to such an extent that you would have to build a new airport in Washington and probably a new airport in New York. We now carry 35 percent of all the passengers between Washington and New York. If that 35 percent were suddenly loaded on the airlines, the air traffic system and the airports probably couldn't handle it. You could handle it if you divided our ridership equally over 24 hours, which of course it isn't. It mostly occurs at peak travel times.

So, the result of that would be there would be tremendous pressure to build a new airport. A new airport in either New York or

Washington would cost billions and billions of dollars, not even counting the access roads that would have to be built. So, that is one of the worst things that would happen.

We have about 34 cities in the country that we serve that have no other source of public transportation, either bus or air. And there are quite a number that have no air, but some bus, and a number of others that have some bus, but no air. They would be in a very bad way without Amtrak.

In California, I don't know what they would do in southern California, because there is no room to build any more new highways down there. And if we shut down the San Diego-Los Angeles line, which is in the process of expanding rapidly, I think southern California would be faced with multibillion-dollar problems that would have to be solved some other way, and I don't know how. So, this would be a disaster, a national disaster.

Senator LAUTENBERG. Well, you and I are believers, and I think most members of this subcommittee are believers as well.

I don't know why the case is so hard to make. What is it on the other side that says that we can dump these people onto the airplanes or buses or automobiles or the highways where the congestion is now already beyond the system's capacity to handle it? And it seems that we are arguing about this on a continuing basis when, in fact, it seems impossible to persuade those of us who count Amtrak as a part of our functioning mechanism. So, it is frustrating, but we will continue to fight the battle.

Mr. CLAYTOR. Yes, sir.

SECONDARY BOYCOTT

Senator LAUTENBERG. There is a strong possibility that Eastern Airlines is going to be struck this weekend. What is Amtrak prepared to do if this occurs? What is the likelihood, by the way, of Amtrak being subject to a secondary boycott?

Mr. CLAYTOR. The best information I can get is that the likelihood is very high, and that we will be picketed as a means of trying to stop both the intercity traffic and the commuter traffic as part of a secondary boycott in connection with the strike.

The obvious answer to that ought to be that secondary boycotts should be forbidden by the Congress and this should be done quickly. It should have been done before this, not waiting for the crisis. That is the only real solution to the problem, because the courts have held that we can't enjoin a secondary boycott under the existing law.

Now, assuming that it happens, pickets will come up. Our employees will not cross a picket line. And if pickets are placed at key points on the Northeast corridor, our employees will not work. We are prepared to operate a minimal skeleton service with supervisory employees for at least a few days to try to ease the problem. That is the best we can do. We will continue to run some trains from here to New York and on to Boston with management people.

Now, if there is no picketing, we are prepared to take all the equipment we have, which is not enough, and run additional service primarily between here and New York. I will ask Mr. Sullivan exactly how many trains we are prepared to run. Mr. Sullivan?

Mr. SULLIVAN. If we are not picketed, Mr. Chairman, we would be prepared to run additional Metroliner service in the morning, three out of Washington to New York, three out of New York to Washington, and the same thing in the evening. But as Mr. Claytor has said, the limited equipment that we have won't allow us to put on much additional service. But that could help absorb some of the shuttle traffic between Washington and New York.

Senator LAUTENBERG. How many passengers might you be able to carry if you are able to do that at the rush hour?

Mr. SULLIVAN. Each train—about 300 passengers per train.

Senator LAUTENBERG. Three trains more at each of the—so, about 1,000 passengers.

Mr. SULLIVAN. Each way.

Mr. CLAYTOR. Each way.

Senator LAUTENBERG. Do we know how many people offhand travel by air between New York and here during those hours?

Mr. NORMAN. Yes, sir, Mr. Chairman; it is approximately 7,400 per day by air, and 4,200 by Amtrak.

Senator LAUTENBERG. It is going to be very crowded on Amtrak. [Laughter.]

SELF-SUFFICIENCY

On the subject of operating assistance, I have noted the improved percentage of fares to cost. Is it realistic to ever expect that Amtrak could be self-sufficient?

Mr. CLAYTOR. Yes; but not in the immediately foreseeable future. The problem we have is that there are all kinds of hidden subsidies of enormous amounts for the highways that carry most of the people and for the airways, with tax-free bonds for the airports, with over $2 billion in the last several years out of general funds being paid to support the FAA and the traffic controller system. These help reduce airfares. And unless these subsidies are stopped, which is not likely, low airfares will limit the amount of revenue that we can get by our own fares.

A second factor that would help greatly—it's going to happen some day, but not anytime soon—is when the oil shortage finally catches up with us and the price of fuel goes up by perhaps $2 or $3 a gallon. Amtrak will then get pretty close to being able to break even, because we are the most energy efficient way to move people. And when air fuel rises that much, airfares are going to go up that much, and then we can charge enough so we can cover our expenses.

Senator LAUTENBERG. Well, without forecasting that kind of a problem, is it possible under current conditions, fuel prices being what they are, that Amtrak can operate without——

Mr. CLAYTOR. In my opinion, no.

Senator LAUTENBERG. Do you think we are at the maximum percentage level of revenues that can be generated by the fare box?

Mr. CLAYTOR. I am satisfied so, but I would like to ask our Executive Vice President, Mr. Norman, who is in charge of this area and who is the expert on this to really respond to that.

Mr. NORMAN. Thank you, Mr. Chairman.

I might add that of all the comments that we receive about the operations of Amtrak, perhaps none come with more intensity than what is the proper level for our fares.

Sir, we have been trying to set out fares at a level that will always give us the highest possible revenues from each one of our markets. Our policy is to maximize our overall revenues. We are not trying to maximize volume or yield. And wherever we believe we have an opportunity to increase our revenues by raising fares, we do so.

But I might also add, sir, that similarly where we believe we have an opportunity to increase our revenues by lowering fares, we also do so. Thus, we raise or lower our fares in response to market demand and the competitive environment. We constantly make adjustments to achieve our relationship between our ridership volume and our fares and with the net result of trying to get the greatest possible revenue to Amtrak.

I might add just a couple of more points, sir, that setting the right fare for a given market is a rather delicate balance since we track over 25,000 city pair combinations daily and we establish fares for 25,000 city pair combinations. And each of these city pairs have a number of full and discount fares to help us maximize our revenues, and we adjust each one of these several times a year.

What we go by is our own experience in trying to make these adjustments over time. If I can give you just an example that for the first 4 months of this——

Senator LAUTENBERG. Mr. Norman, I don't want to take away from your testimony, but the question—and I will leave it to you how to adjust the formulas, fares, et cetera.

I am just curious as to whether you think we are maxed out, to use the expression, for fare box revenue-to-cost ratio at this point? Can we expect further improvements either from the revenue side or reductions on the cost side?

Mr. NORMAN. Yes, sir.

Mr. CLAYTOR. We expect further improvements, yes. And I expect our revenue-to-cost ratio to significantly continue to improve, but provided I get the capital we need to get the tools with which to do this, because the capital makes us more efficient as well as capable of handling more volume.

Senator LAUTENBERG. We are going to try and operate on a 10 minute thing. We don't have the visible lights, but we are keeping time here. At this point, I would turn to my colleagues on this side unless——

Senator KASTEN. I would be pleased to yield to the chairman of the full committee, Mr. Chairman.

Senator LAUTENBERG. Senator Byrd.

SERVICE TO WEST VIRGINIA

Mr. BYRD. Mr. Chairman, thank you, and I thank my friend, Mr. Kasten.

I will be submitting several questions for the record. Let me just ask three in view of my limited time.

Now, in your earlier statements, you referred to triweekly service. On the *Cardinal*, we have a run three times a week——

Mr. **Claytor**. That's right.

Mr. **Byrd** [continuing]. into and through West Virginia. Do you believe that triweekly service, as on the *Cardinal,* is good operating procedure? And do you think that if the service were to become a daily service, that it would increase the revenues and the ridership, even though it would also increase the cost?

Mr. **Claytor**. Absolutely. First of all, triweekly service is very unsatisfactory for everybody. What it means is that the passenger has got to adjust his schedule to Amtrak's schedule, and that means that he frequently doesn't use Amtrak. He wants to go Tuesday. We run Monday and Wednesday. That won't do. We don't like it. We are doing this only under existing equipment pressure, because we have no alternative at the present time. I am perfectly satisfied that daily service on the *Cardinal* would significantly increase the revenue and the ridership.

And if we can do it with—we could only do it with additional new equipment. If we can get the new Viewliners, the additional efficiency of those cars will also help us hold down the cost of increasing to daily service. And I think it is the ideal solution, and I want to do that, and I want to do it in 1990 if I can get the money to get the cars.

Mr. **Byrd**. So, there would be daily service on the *Cardinal.*

Mr. **Claytor**. Yes, sir; daily service.

ADDITIONAL AMTRAK EQUIPMENT

Mr. **Byrd**. Let me compliment you in this regard. In your efforts to secure not only public but private sector funding, I think you have done a good job on this, and I have noted your enthusiasm and your optimism and your confidence that you can continue to do so if you can get the appropriate Federal support.

If additional capital is appropriated to Amtrak for equipment, would Amtrak be willing to place some new cars into service on the *Cardinal,* thereby increasing its capacity?

Mr. **Claytor**. Absolutely. To get the new cars, a minimum order would be about 50. This is an entirely new car. They would have to set up a new manufacturing line for it. I don't think we could afford to buy cars in less than a group of at least 50. But 50 cars would take about $100 million of total capital cost. I will raise $50 million of that in the market, if I can get $50 million in appropriations.

The first of those cars will go on the *Cardinal,* because one of the first things I want to do is to make these triweekly trains daily, and the *Cardinal* is my first choice. It's of the right length so that it would take a fewer number of cars to make the *Cardinal* daily than some of our transcontinental trains, which would take many, many more. I would do that. That's the first thing I would do with those cars—make the *Cardinal* daily.

Mr. **Byrd**. Mr. Claytor, as I understand you then, if you can get the appropriations that you've requested, you would not only put new equipment on the *Cardinal,* but you would also institute daily service——

Mr. **Claytor**. That is correct.

Mr. **Byrd** [continuing]. Into and through West Virginia.

Mr. CLAYTOR. Yes, sir.

Mr. BYRD. Mr. Chairman, I appreciate the cooperation and the willingness of Mr. Claytor to work with the members of this subcommittee to improve and to upgrade the service which the *Cardinal* currently provides to West Virginians. Continued passenger train service is important to the Nation, but as we can understand easily, it is even more important to an isolated and rugged terrain like that in the Afghanistan of the United States, West Virginia. [Laughter.]

And when I make that reference to Afghanistan, I also refer to the courage and the great patriotism of West Virginians which matches that of the freedom fighters in Afghanistan.

And so, it is important as we strive to diversify our economic base and as we increase public awareness and acceptance of West Virginia—and it is "West" Virginia—as a tourist destination.

Upgrading the *Cardinal* to daily service with new equipment would be a real boost to West Virginia's economy. It would be more convenient for business travelers and for West Virginia tourists alike. It would provide all travelers with the ability to plan ahead, as you have indicated——

Mr. CLAYTOR. Yes, sir.

Mr. BYRD [continuing]. And would provide them with more flexibility. As a result, upgrading the *Cardinal* should increase its ridership, as you have indicated, and increase Amtrak's revenues.

So, I want to do the best I can in working with our excellent chairman and ranking member of this subcommittee and the other fine members of the subcommittee to help Amtrak to continue to receive its base operating funding in 1990 and also to help Amtrak begin to replace its aging inventory of locomotives and passenger cars recognizing the tremendous budget pressures under which we are all operating.

Mr. Chairman, I will submit questions for the record concerning the Blue Ridge commuter train. The contract between Amtrak and the Maryland Department of Transportation for the operation of the Blue Ridge expires in December of this year. I would like to urge Amtrak that when it renegotiates the contract, to do all that it can to improve the ontime performance and to reduce the number of equipment failures.

Mr. Claytor, I thank you. I congratulate you on the great job you are doing, on the optimism and the energy that you exude in pressing for the future of Amtrak.

And I thank you, Mr. Chairman. And again, I thank Mr. Kasten and the ranking Republican member for their courtesies.

Senator D'AMATO. Mr. Chairman, Senator Byrd, and Senator Lautenberg, chairman of the subcommittee.

I have a feeling, Mr. Claytor, that you had better begin to plan now on how you are going to use that $50 million in capital and put in an order for those trains. [Laughter.]

Senator LAUTENBERG. I think it is very clear that a principal railroad devotee like the chairman of the Appropriations Committee has declared his support for a balanced transportation network, a "cardinal" rule for this committee. [Laughter.]

Thank you very much. Senator Kasten.

HARRIMAN SAFETY AWARD

Senator **KASTEN**. Mr. Chairman, thank you.

I too congratulate you as I did in my opening statement, Mr. Claytor.

I would like, if I could, to talk about safety and particularly to congratulate you in your statement. You say that Amtrak will receive the Harriman Safety Award for the most improved safety record of a group A railroad during 1988. Is that a first for Amtrak?

Mr. **CLAYTOR**. It certainly is. We have been languishing at the bottom of the list of railroads in employee safety for several years. And I have been determined—our whole management has been determined—that we're going to win the Harriman gold medal not for most improvement, but for first place. But the first step in that is having the most improvement. So, that's where we are this year, and we're going to do better next year.

Senator **KASTEN**. I congratulate you.

Mr. **CLAYTOR**. It is critically important to us. I can say this, because this is the most important thing to me personally. The "board room to the brakeman" is the way we put it. Every single person on Amtrak is dedicated to this from top to bottom, and that's what is making it happen. You have to all do it. No one group can do it.

Senator **KASTEN**. And I note your reference to Operation Red Block which we have talked a little bit about in the authorizing committee.

FEDERAL EMPLOYERS' LIABILITY ACT

Let me go over to the next area that we have also touched on a little bit in the authorizing committee, and that is taking off from your statement on page 26, "I believe by far that the greatest impediment to enhanced work place safety is the continued use of the fault-based Federal Employers' Liability Act [FELA] to resolve claims for employee injury compensation."

Mr. **CLAYTOR**. That's correct.

Senator **KASTEN**. Now, you have picked an example here which I don't understand, but maybe you could develop it a little bit and then talk about what kinds of savings could be made. I am now on page 27. You say that, "there were no passenger injuries reported following a December 25, 1988, minor Amtrak derailment"—and I don't know what "minor Amtrak derailment" means—"near Glenwood Springs, CO." But, "all 16 of the onboard employees filed FELA claims and four of them have not yet returned to work."

What do you mean, that every one of the passengers was not hurt and every one of the employees was hurt?

Mr. **CLAYTOR**. This was a derailment in Colorado in which, as a result of frozen ice and snow, the locomotive, which was operating at only 20 miles an hour, running quite slowly, turned over a rail. The rail turned over under the engine. Before the train could stop, practically the whole train had gone on the ground, but it was just on the ties. There was no serious damage to the equipment, and really the train just came to a rather bumpy stop. Nothing else happened.

No passengers reported any injury claims at the time of the derailment, but all 16 onboard service people filed injury claims, and they have all filed them under FELA. That, it seemed to me, was a pretty bad example of what can happen under the FELA system.

Senator **Kasten**. How many passengers roughly were on the train?

Mr. **Claytor**. What's that?

Senator **Kasten**. Approximately how many passengers were on the train?

Mr. **Claytor**. I think there were about 300. About 300.

Senator **Kasten**. Three hundred?

Mr. **Claytor**. About 300, yes.

Senator **Kasten**. Now, of the 16—in other words, every employee filed a claim——

Mr. **Claytor**. That's right.

Senator **Kasten** [continuing]. And said that they were hurt.

Mr. **Claytor**. Yes.

Senator **Kasten**. Now, and four of them are not yet——

Mr. **Claytor**. That's correct. Four have not yet returned to work. Our people made small settlements with most of them. As soon as they got a settlement, they went back to work. Four of them are still not back to work.

Senator **Kasten**. Further on in your statement, you talk about the idea that we talked about briefly in the authorizing committee. But maybe it's more appropriate here, frankly, because this is the committee that is going to be dealing with the money.

You spent $52 million in 1988——

Mr. **Claytor**. Right.

Senator **Kasten** [continuing]. On payouts to plaintiffs and their attorneys, administrative costs, legal defense costs, et cetera and also the claims. Your total cost for resolving FELA claims, $52 million.

What you are asking for is the ability to have a 3-year test proposal in which Amtrak would become a pilot to find out what would happen with costs and with safety——

Mr. **Claytor**. Yes.

Senator **Kasten** [continuing]. If we were able to put Amtrak for a 3-year pilot program into the regular Worker's Compensation system.

Mr. **Claytor**. That's correct. Like almost every other business in the world, except railroads, is now under.

SAVINGS UNDER AMTRAK FELA TEXT

Senator **Kasten**. Do you have any estimate of what the savings could be to Amtrak starting with—you've got $52 million that you spent last year.

Mr. **Claytor**. Yes. Well, I think our best estimate—and this was I think the GAO checked this a few years ago. Our best estimate now is it will be $16 to $20 million a year savings.

But it is going to be much more than that in the future, because the costs of FELA are escalating at an extraordinary amount every year, and I anticipate that the $50 million odd we spent in 1988 is going to be more than that in 1989 and probably in the $70 million range within 2 or 3 years, in which case the savings would accordingly increase.

So, workers' compensation would save us a significant amount of money—in tens of millions of dollars—as well as improve safety. It would also ensure more fair compensation to our people because, as you understand, under FELA, if a man is injured as a result of his own fault, he doesn't get anything. If he is injured by an act of God that the railroad has no responsibility for, he doesn't get anything. Under Worker's Compensation, he is paid his actual losses, his actual costs, no matter what caused the accident. And that's the thing that I think is a great improvement.

Senator KASTEN. Well, I think that this is something that not only would we have a little money for capital for the *Cardinal,* we might be able to help on a couple of other routes if we could start to save this kind of money.

Mr. CLAYTOR. Absolutely.

Senator KASTEN. And it seems to me that we ought to seriously consider it.

WISCONSIN SERVICE

My time is about to expire if it has not expired. You and I have had discussions. This is a Wisconsin question. You and I have had discussions about the service back and forth from Milwaukee to Chicago.

Mr. CLAYTOR. Yes, sir.

Senator KASTEN. And it is my understanding that we could increase the service from Milwaukee to Chicago and it would require no new equipment.

Mr. CLAYTOR. That is one of the fortunate and rare situations in which we could increase the service without having to have new equipment.

Senator KASTEN. And what is the status right now of the increased service between Milwaukee and Chicago with no new equipment?

Mr. CLAYTOR. Well, I will ask Mr. Norman to explain just what we could do on that.

Mr. NORMAN. Sir, I'll have to provide it. I don't have the precise information with me now, but I think that we are looking at three additional frequencies.

Mr. CLAYTOR. I think that's right.

Senator KASTEN. And my understanding also is that this is something that we could be looking forward to within the next several months, possibly even the next several weeks. Is that your understanding?

Mr. CLAYTOR. Not weeks, but the next timetable change which occurs in May would be the earliest if it would be feasible. But we are doing a study right now of the costs of that, which we do not have, along with the Wisconsin Department of Transportation. And I am hopeful that we could have an answer to this in the near future so that we could put it into effect at the timetable change.

Senator KASTEN. The study would be done in weeks?

Mr. CLAYTOR. Yes.

Senator **Kasten**. And then we would be aiming for the April timetable. Is that right?

Mr. **Claytor**. That's right. May I think it is. The May timetable change.

Senator **Kasten**. May timetable change.

Mr. **Claytor**. Yes; that's correct.

Senator **Kasten**. Mr. Chairman, thank you very much.

Senator **Lautenberg**. Thank you very much, Senator Kasten. Senator Grassley is next.

Senator **Grassley**. Thank you, Mr. Chairman.

IOWA SERVICE

Mr. Claytor, I thank you for the many times you have come to my office for me and for the two of us to visit about Amtrak service. And as far as I know, there is increasing usage of Amtrak in my State, although in numbers it would be a lot lower than in the more populous areas of the State. But we appreciate your contribution to the economy of our State, the payroll of $650,000 for additional payroll that comes from employees being directly involved with yours, with your business.

I want to get to a specific point about my State, and that is that there has been some study of changing from southern Iowa to central Iowa.

Mr. **Claytor**. Correct.

Senator **Grassley**. And again, I want to tell you that I look at this still the same way I did the last time I talked to you about it, in this sense, that I would expect that this be a business decision, an economic decision, and not a political decision. But at one time that change was not made because the western part of the line in central Iowa would have to be improved, upgraded and improved. That railroad has said that it's willing to spend $70 million on that line to upgrade it.

In light of that, is it possible that you might be taking another look at changing that? The last time it wasn't quite economically feasible for you to do it was the determination.

Mr. **Claytor**. I saw that same announcement with great interest. The problem is, as I understand it, it will take them from 3 to 5 years to get that done. But in the meantime, we will be looking at that, and we will run another test train when the work is done to see if it still meets our requirements, as I'm sure it will. And we will be looking at it again, yes, sir.

Senator **Grassley**. Thank you very much.

RAILROAD RETIREMENT

On another point, you have indicated that you could put more money into capital improvements if you were out from under the Railroad Retirement Program. If Congress were to take Amtrak out from under the Railroad Retirement System, I assume that you would go into Social Security—I mean, you would stay in Social Security.

Mr. **Claytor**. Oh, yes.

Senator **Grassley**. But would you also have a private retirement program or some other arrangements?

Mr. **Claytor**. Our proposal, which we made last year, would be that we would cover what is called tier 2. Tier 1 of Railroad Retirement is Social Security. Tier 2 is over and above Social Security. We would replace tier 2 with a self-financed ERISA-type pension plan system that would produce exactly the same benefits that tier 2 of Railroad Retirement produces, and it could save us as much as $45 million a year.

We have not renewed that request this year because it seemed to us that we ought to wait and see what the commission that is doing this overall study and overhaul of Railroad Retirement comes up with. So, we have deferred that for the present. But that is something we have very much in the back of our minds. It would save us a lot of money, and would also be better in my opinion for our employees. But it would, of course, remove a significant contributor to the Railroad Retirement System for the other railroads.

Senator **Grassley**. Yes; and that brings up the point of what is the cost to Amtrak and the employees of the present Railroad Retirement System?

Mr. **Claytor**. The total amount we pay is almost a third of our total appropriation. Mr. Hayward, do you have that figure?

Mr. **Hayward**. Our annual bill in total is something on the order of $175 million. We have estimated that around $120 million of that is really paying for retirees from other railroads or orphan railroads.

Were we to have the authority to go to Social Security plus an ERISA-type pension that would exactly preserve the benefits that our employees have now, we could probably bring that total down to something on the order of under $100 million a year, that is, assuming that we were able to fully fund that ERISA Program over 20 years, which is the norm allowed by the law.

Senator **Grassley**. In your thinking on that before this year, was your thinking to maintain the status quo for retirement income for your workers if you had an alternative system with the present system?

Mr. **Hayward**. Yes, sir; from the very first moment that we addressed this, we were committed to something that maintained precisely the benefits that our employees have today.

Senator **Grassley**. So, it's not a point of employees being better or worse off. The idea would be that they would be as well off as they are now.

Mr. **Hayward**. Yes, sir; but I would note that employees currently pay as much as $1,700 per year in tier 2 taxes, which they would not have to pay under our plan.

Senator **Grassley**. If Amtrak were to withdraw from the Railroad Retirement System, would there not be an increased burden on the remaining carriers who participated in that system?

Mr. **Claytor**. To some extent, yes, because we are now paying for them in a way that I don't think is fair. We are paying—you see, at the present time the Railroad Retirement System has almost four retirees for every active duty man, whereas Amtrak's ratio is the reverse of that. And so, we are paying for other people's retirees, which is why it is costing so much. And that is the one reason why, if Amtrak got out, we could save money.

Senator **Grassley**. I assume the class 1 carriers, the regional railroads, the short lines, and the private commuter trains were fighting that proposal.

Mr. **Claytor**. Well, the private commuter railroads are very anxious to do the same thing because their position is exactly the same as ours. And the short lines I believe are the same thing too. Neither the short lines nor the commuter railroads nor Amtrak have excess retirees over and above active employees. And our active employees, if anything, are steady or increasing as our service increases, not decreasing, which is not the case with the freight railroads on the whole.

FEDERAL EMPLOYERS' LIABILITY ACT

Senator **Grassley**. My last question. Some of the points were similar to what Senator Kasten raised about FELA, and I would only ask this question. If Amtrak were taken out of the Federal Employers' Liability Act Program and put under State workers' compensation programs, how do you view it? Would they be generally better off or not as well off as they are under FELA because that has to be a concern of ours?

Mr. **Claytor**. Well, I think the employees basically are better off. You see, at the present time, it's a little bit like a lottery when a man is injured. If he is injured by anything other than the fault of the railroad, he doesn't get anything. And there have been a number of cases in which despite very serious injuries, the jury has decided he should not get anything. Under Workers' Compensation, benefits are guaranteed regardless of fault.

Now, in some cases, the employee would get more under FELA than he or she would get under Workers' Compensation. In other cases, he or she would get less. In some of these extreme cases in which a man has a broken leg and gets $500,000 from a jury, he wouldn't get that because the compensation paid by Workers' Compensation boards is based on actual loss. And that's the way I think it ought to be.

Under FELA, you have a lottery. You take a chance on the jury. And it has some of the attractiveness perhaps to some of our people of a lottery.

I might be able to get slightly injured and get all kinds of money that would fix me up for life. And it's an interesting possibility. We want to get away from that.

And, of course, if it goes to litigation, the lawyers get anywhere from 25 to 40 percent of the recovery. And that is a cost that gets significantly reduced under Workers' Compensation.

Senator **Grassley**. Maybe that's the reason it's not being reformed then.

Mr. **Claytor**. Well, of course. The opposition to any change in FELA is financed by the FELA plaintiffs' bar. We proved that in a previous hearing. That came out in last year's Senate hearing that was held on this.

Senator **Grassley**. Not before this subcommittee.

Mr. **Claytor**. No; before the Senate Commerce Committee.

Senator **Grassley**. I'm done with my questions, Mr. Chairman. I'm all done.

Senator D'AMATO. Thank you, Senator.

Mr. Claytor, let me add to the chorus of congratulations to you for your inspirational leadership. I remember, Graham, some 9 years ago—and I guess the ratio as it relates to the fare box and the public support was way, way down. And you have just turned that around and done a remarkable job. So, I want to congratulate you and your team.

Mr. CLAYTOR. Well, Senator, I wanted to mention that it's the team that does it. We have a first class, not just a management team, a first class top to bottom team on Amtrak, and that's what is doing it. It is not any one person.

Senator D'AMATO. Well, I want to congratulate you on that. I want you to know that if we hadn't called your office, I couldn't get on the 3 o'clock train this Friday. [Laughter.]

So, obviously, it attests to the fact that you're booking them up. And, of course, Eastern Airlines probably has contributed to that somewhat. What is one man's pain is another man's future and glory.

Senator LAUTENBERG. I got bumped at the 3 o'clock train I want you to know.

Senator D'AMATO. I bumped him. [Laughter.]

What a team we are today.

RANDOM DRUG AND ALCOHOL TESTING

Let me just touch on one thing. In your prepared testimony, you mention random drug testing. I commend you for your strong support of that concept. Now, that matter currently is before the courts. I think it is absolutely imperative that drug testing not only be conducted in a manner which will assure safe operation of transportation modalities, air, rail, surface, and water, but I think it becomes an important ingredient in this so-called war against drug abuse.

Mr. CLAYTOR. I agree.

Senator D'AMATO. You cannot leave this solely to the law enforcement side. We are part and parcel of the problem. If we're not going to recognize it—I have to say to you I am rather tired of those who say, well, what about the infringement on my rights. I would say what about the infringement on the rest of society's rights. I think that we have to begin the debate not on the matters that some public officials attempt to talk about such as the legalization of drugs—what a silly concept—rather we must debate some of the tough issues.

And, of course, the question arises, what about Congress. Should Congress submit to drug testing? Probably, if you're going to say that we're really committed to this program. You can't say well, just certain Federal employees or municipal employees or the public sector. It has to become something that involves all of us.

Now, let me just give you that. I even think that if you want to stop 26 million regular users, you have to let them know there are going to be some sanctions and some penalties, and that they are, indeed, financing a criminal enterprise network. We are never going to stop this thing unless we cut down on the demand. Never.

There's drug education, and people have to learn that there are certain responsibilities, and there will be certain penalties attendant with drug use. Obviously, rehabilitation is part of that. Your Operation Red Block Program, which offers peer review, education, assistance, and rehabilitative efforts, is an excellent start.

I think we should begin to tell young people we'll have random drug testing when drivers licenses are applied for or renewed.

Mr. CLAYTOR. I think that would be great.

Senator D'AMATO. Do you know how many young people would be affected—it would make a difference. It is the kind of issue that requires some debates. How far do you take it? What public safeguards should there be to protect individual rights, and to assure that it will not be used as a tool to discriminate against people?

AMTRAK'S DRUG AND ALCOHOL TESTING PROGRAM

Let me ask you this. What is Amtrak doing? Has that court order precluded you from testing? Are you doing any random testing now?

Mr. CLAYTOR. No; Denny, why don't you describe what we do in our rule testing now. We have a series of rules that we are testing for, and it is helpful. But we would like to have random testing as the ultimate goal.

Mr. SULLIVAN. Yes, Senator D'Amato; we test under various FRA regulations. For instance, post-accident testing is required and we test under that.

Senator D'AMATO. So, post-accident testing is permitted.

Mr. SULLIVAN. That is permitted.

Senator D'AMATO. The courts have ruled on that? There is no problem?

Mr. SULLIVAN. Yes; we are still allowed to go under the Federal regulations and post-accident test employees involved in that accident—hours of service type employees, those that would be involved in the accident.

We also have rule G. Most railroads have a rule G provision in their rules, their operating rules, that alcohol or substance use is not allowed. And if we have reasonable cause to suspect use by an employee, then we have the right to test that employee.

We also test employees who are involved, say, not just in train accidents, but they may be involved in an injury. And we are allowed if we feel and have evidence that they contributed to that injury to themselves or to a fellow employee, we do go forward and test those employees.

We also have in our Employee Assistance Program [EAP] where an employee voluntarily enters into a rehabilitation program and agrees to quarterly testing requirements when the employee returns to work.

So, we have several ways that we continue to test employees, but we do not random test employees today, Senator.

Senator D'AMATO. So, that is subject to the litigation and these are the testing procedures that are presently in place and which you are utilizing.

Mr. SULLIVAN. Yes, sir.

Mr. CLAYTOR. Yes, sir.

Mr. SULLIVAN. We also pretest employees before we hire an employee, preemployment testing.

Senator D'AMATO. That is permitted?

Mr. SULLIVAN. That is permitted.

Senator D'AMATO. Well, I might make this observation again. I don't think that there should be any one class or group of people that are singled out. But, obviously there are certain areas of employment where public safety comes first. I really do think that testing is a difficult problem.

But the drug epidemic is certainly one which is more than difficult, and it is creating chaos and a crisis in our country. If we are going to come to grips with it, these are some of the kinds of ticklish areas on which we are going to have to concentrate.

I don't believe that any one group of employees should be used as a whipping boy. Nor do I say that if we get random testing in the rail industry or the other transportation modalities, that it is going to solve the problem. It's all of society that is going to have to make a conscious choice as to whether or not it is willing to take these steps, as extraordinary as they may be, to begin to bring about peer pressure that encourages, particularly with our young people, nonuse of drugs.

And I have gone on at length, and I thank the chairman for his indulgence.

Once again, let me congratulate you, Mr. Claytor, and the staff that gives you the kind of support that has done a remarkable job with Amtrak.

I'm looking forward to working with the chairman of the subcommittee, Senator Lautenberg, who has been a strong supporter of mass transportation, and particularly Amtrak, to see to it that we provide the funds needed notwithstanding the administration's recommendation to shut you down. And, I don't know where we will get that $50 million. But I'm sure you're going to get a good part of it in any event!

Mr. CLAYTOR. Thank you very much, sir.

Senator LAUTENBERG. Thank you, Senator D'Amato. We have a commonality of interests. Our regions represent the whole country, we think, very well.

But also, with our crowded conditions and our economic activity, we need transportation facilities to operate in the most efficient manner possible. And, Mr. Claytor, you and your colleagues and the employees of Amtrak have earned the respect and the support of people in this Congress, in the Senate and in the House, because you provide a service that we consider essential. So, we want you to continue to improve that service.

LABOR PROTECTION LIABILITY

One of the things that comes up on a continuing basis is what happens if we cut out not the whole thing, but reduce Amtrak funding by $100 million, if we get it down to $400 million? What happens to Amtrak?

Mr. CLAYTOR. Well, the problem that we have is labor protection liability—if we did not have labor protection liability imposed on us, it would be possible, although I think it would be a very difficult thing to do. But it would be possible to discontinue two or three of our long-distance trains that lose the most money—that really means the ones that run the longest distance—take them off temporarily and save that much loss.

For instance, it's about $12 million a year on the *Empire Builder*, Senator Kasten's train, that runs through Wisconsin and then through Minnesota and on out to the west coast from Chicago to Seattle. If we took that train off, people who have not looked at the problem say, well, that would save you $15 million in the first year. Why don't you do that and then take some other train off that would save you that much money?

The answer is that we did a detailed study on that particular train because it was the one with the biggest loss. It would cost us the first year about $15 million in labor protection to take that train off, so you don't save anything. You are caught in a bind. You can't do it.

Senator **Lautenberg**. Of course, realistically, however, you would be saving in the second, third, and the years that follow.

Mr. **Claytor**. This loss would be about the same amount for each of the next 6 years. The total amount you would have to pay for discontinuing that train would be on the order of $85 million over the 6 years. But the first year would be $12 to $15 million. The next year it would be a little bit less because a few people would———

Senator **Lautenberg**. So, what you are saying then, just so the record is clear, is that you can't save it. You can't get there from here.

Mr. **Claytor**. That's right. You can't get there from here, because of the rules that Congress has imposed on us from the beginning.

Senator **Lautenberg**. Is the 6-year period kind of the norm?

Mr. **Claytor**. That was used I think in one or two other statutes, but this is unique to passenger service. It was passed at the time Amtrak was created just to take care of passenger service.

Senator **Lautenberg**. So, if we eliminate routes, jobs, et cetera———

Mr. **Claytor**. As a result of reducing passenger service. I can fire people without having labor protection———

Senator **Lautenberg**. I understand.

Mr. **Claytor**. But if I take the train off———

Senator **Lautenberg**. Reductions in service.

Mr. **Claytor** [continuing]. The result of that is that they lose their job, then they get full labor protection benefits. And so, this is a problem.

The only way that I can see that we could save significant money is to reduce the operation. Pick the trains that lose the most money and take them off. And that option is not available to me.

Senator **Lautenberg**. That gets the labor protection.

Mr. **Claytor**. Yes; that's right.

Senator **Lautenberg**. All of us struggle, and I know by your own performance that you would also like to not have to come around with a tin cup every year.

Mr. **Claytor**. I certainly would.

Senator **Lautenberg**. And we don't like it either because what happens, it makes the whole thing subject to ridiculous statements, you know, the expense per passenger, et cetera, et cetera. And the fact of the matter is that if we look at the role that passenger rail service plays in our total network, it's almost an indispensable part. And we have to stop the rhetoric and get on with solving the problem.

TICKET FARES

In that connection, I have here—and obviously, you get to read all these things—a Journal of Commerce editorial dated February 24, "Raise the Fare." And they make the case that I think is rather obvious. Well, if you have all kinds of people standing up because they can't get seats—250,000 standup passengers in the Northeast corridor last year—why can't we just raise the fare?

And I know Mr. Norman started to talk about that before, and I didn't mean to cut you off. But if we can summarize it into a brief form. Won't the market take it?

Mr. **Claytor**. I think I can summarize it this way, Mr. Chairman. For at least the last 5 years, we have followed the policy of trying to set the fare that will produce the most revenue regardless of what happens to the number of passengers. In other words, if we can get more money by raising the fare, we raise the fare. But experience shows that——

Senator **Lautenberg**. Well, if you extend that logic, that means if you get one guy on the train, he is going to have to pay through the nose.

Mr. **Claytor**. That's right. Precisely. Well, then the problem is he won't ride, you see. That's the difficulty. When the fare goes up enough, the volume will go down enough.

Now, these standees in the Northeast corridor are not day-in-day-out standees. We have standees only on the peak periods—holidays and weekends and the like.

Now, I think we would almost destroy—we have to live with passengers who ride all the time, not just those who ride on weekends. If we raise the fare enough on just the holidays and weekends, just for 2 days at a time, to force people not to ride the train any more than we can carry, and we get that much more money, those people are going to be so mad, they're not going to ride the train at all. We can't afford to kill our entire group of passengers with that kind of a fare increase on just a holiday weekend. And I don't think it would do the job.

Senator **Lautenberg**. Well, we're not just proposing the question of fare increases altogether. I don't want to dwell too much on it. Unfortunately, we always have interesting things to talk about. You make the case very well.

DEVELOPMENT OF AMTRAK REAL ESTATE

But because of our time limit, I'm going to just come back to a favorite subject of mine and one that I propose to you as an alternative to government subsidy, and that is what more can Amtrak do to generate revenues. You have some very valuable property. You have valuable rights-of-way. You have other services. I know you do some rail welding service on a contract basis. What is there that would prevent you from using air rights more aggressively?

Let me not destroy historic Philadelphia in one shot, but can the Philadelphia train station—I use that only as an example, please, those of you who have contact with Philadelphia. Could there be office buildings put up there? Can we expand rights-of-way use for communications, fiber optics, the traditional stuff?

Mr. CLAYTOR. The answer is that there is, but you do not develop—you do not get lots of revenue off of 70 acres of air rights in downtown Philadelphia today. We'll get that at the beginning of the next century. And we are doing absolutely everything you can do to get all the money we can out of that.

My own prediction is that by the end of this century, which isn't that far away, we are going to be getting enough revenue out of our air rights in Philadelphia and elsewhere to probably meet our annual needs for capital. But it is not going to come this year or next year. And we are doing absolutely everything we can to do it.

Mr. Norman, I want you to comment on that because you are in charge of that.

Mr. NORMAN. Yes, sir; right now, Senator, approximately 70 percent of our revenues comes from the fare box. And so, the others are coming from such other things as you have already mentioned.

But I might add that there are other areas, in addition to what you have mentioned, that also are contributing significantly, and we are seeing much growth, such as in the carriage of mail and passenger baggage express. We see those as growing rather significantly, and we are putting a tremendous effort into these areas. And it's one of the large growth areas of our company.

AIR RIGHTS IN PHILADELPHIA

Senator LAUTENBERG. We don't want to try to subsidize the railroad in direct competition with the private sector. When the question about package service comes up, that has to be dealt with. But things like air rights in Philadelphia just happens to be one that is obvious.

If the projection is so optimistic, what is being done aggressively about the revenue opportunities from those air rights? What is being done to move that along?

Mr. CLAYTOR. Bill, tell him.

Mr. NORMAN. Yes, sir; in the case of Philadelphia, we already have worked out a package for the financing of $75 million to upgrade the station area. That will serve as a basis for spurring the overall development of the 70-acre tract. We have already signed an agreement with the Hines Corp., one of the leading development corporations in this country, which is working with us to develop it overall. And we are aggressively involved in the whole area in trying to do the development. We have already started the process with our own work, and now we are working in terms of development and trying to bring others to develop this overall area.

Senator LAUTENBERG. Let me ask you one last question, and that is, are you considering this as an Amtrak enterprise or are these projects being presented to the private sector as an opportunity?

Pay us for it. You know what happens in lots of cities, including Senator D'Amato's major city. There is often a price exacted for an opportunity to develop a project like an office building, for instance, to pay for a subway station or an interchange of some kind. Has the orientation been toward the private sector to say, OK, here's an opportunity? Do you want to come in and get in on it?

Mr. CLAYTOR. Oh, yes. But we also want to share in the development. We are going to be the ones that make the most money out of this, but we're going to share it with the developer who comes in and develops the property. This is the way one always does it. We're the owners of the property. And our objective is to get people to come in and build office buildings there and make a big profit on it, and we make a big profit too. And that is the way this is going. Absolutely.

Senator LAUTENBERG. I get the sense that Amtrak is saying, listen, you want to come in, you'll be our partner. But what I'm proposing as an alternative is, OK, here is a place to put up a building. We need some money to improve the station as well.

Mr. CLAYTOR. No; we don't do that.

Senator LAUTENBERG. Well, maybe you ought to.

Mr. CLAYTOR. Senator, I'm not sure we really disagree. I think what we have managed to do here is that we have got a $70 million project going which is going to include improving the station, but it's being financed 100 percent with non-Amtrak money. And we have done that with the private sector, with the city of Philadelphia, with some UMTA funds, with four or five other people.

Senator LAUTENBERG. But those are public funds, Mr. Claytor. And you and I don't argue very often, but they are public funds whether it comes from UMTA, whether it comes from the city of Philadelphia. I'm talking about pure private sector, like my uncle would like to build a building down there.

Mr. CLAYTOR. That's right. But the reason that the public funds are in it is that the amount that they are putting in is to help the commuter part of the station that the city needs for its SEPTA operations. So, they are putting that portion of the money in. But the private sector also is putting in money where we are going to develop some office space that they will use. And we have been able to do this whole thing without putting any capital of our own, any equity capital of our own, in it because we don't have much equity capital to put in that sort of thing. But we're going to get big benefits of it. It seems to me we have a very good deal going here.

Senator LAUTENBERG. We are going to submit a bunch of questions for the record.

Mr. CLAYTOR. Fine.

Senator LAUTENBERG. We would ask for your prompt response. You have always been cooperative.

Mr. CLAYTOR. Oh, yes.

Senator LAUTENBERG. And we look forward to that.

PENN STATION DEVELOPMENT

I would ask as a verbal question here that we take a look at perhaps what happened with Madison Square Garden over Penn Station. I don't know whether there was any particular or specific proposal. Was the Pan Am building a la Grand Central? Did that come in entirely through the private sector? I see such a fantastic asset there that says, OK, Mr. Developer, you want to come in here, give us 70 million bucks and we want to improve the station. You get to build the building. You pay us a fee rental. And you're out of the business, and we reduce our subsidy.

Mr. CLAYTOR. We'd do that if that is appropriate, if that's the best way we can do it. May I suggest I would like you to meet the head of our real estate department who I think is one of the best real estate developers I know. He knows exactly how to deal with the private sector developer. He has done this all his life.

We have a tremendous one going in Chicago in connection with the Chicago Union Station building. It's some adjacent property, having nothing to do with the station. That is being developed entirely with private funds and is going very well.

We were hoping to have a major operation going on top of Penn Station in New York, but at the moment, that has run into difficulties having nothing to do with us. There still may be something we can do there in due course.

Philadelphia is the big one which is going great guns with a major private developer who is doing this in exactly the same way that any other developer does whether he is a railroad or Amtrak or someone else. And it is going good.

And one of the things I am confident of is that our real estate people are about as good as you are going to find anywhere in the country. I am only worried about somebody else finding out how good they are and stealing them. [Laughter.]

But in the meantime, they are good, and we are going to try to keep them.

Senator LAUTENBERG. Thank you very much.

Senator D'Amato, do you have anything else?

Senator D'AMATO. Mr. Chairman, I have no further questions.

I think, Graham, it might be interesting if we could review, if we had a sit-down meeting on the Penn Station situation. I know you have put a great deal of time in on that. Maybe you could bring us up to date at some point on this critical project.

Mr. CLAYTOR. I would be delighted, yes, sir, with Long Island. Our Long Island partnership there is going very well.

Senator D'AMATO. I have a number of questions, Mr. Chairman. If I might, I would like to submit them for the record for myself and for Senator Domenici and ask that Mr. Claytor respond to us as he always does.

Mr. CLAYTOR. Sure, I would be delighted.

SERVICE TO MONTREAL

Senator LAUTENBERG. Thank you. I have three questions here from Senator Leahy, if we could get quick answers. And then he has a whole bunch that we will submit for the record. He is concerned about Amtrak's *Montrealer* service from Washington through Vermont to Montreal. It's wonderful as we go through here. Whether it is the *Cardinal* in West Virginia or the *Bishop* through the Northeast corridor, each one of us has an interest. The

Montrealer. That makes sense. We joke about it, but that represents the country's interest.

Mr. CLAYTOR. Well, we are interested in that too. And I think the news about the *Montrealer* is going to be very good. But we'll answer the question when it comes.

Senator LAUTENBERG. What is the answer? [Laughter.]

Mr. CLAYTOR. The answer is that I believe that we are going to be able to start it up again this spring. But we have a few—I can't fix a date and I can't say it's positive because there are a few loose ends that we are in the process of trying to tie up with other parties. But I am hopeful that we can do that, and I think we can.

Senator LAUTENBERG. This subcommittee approved $5 million to repair the track problem that led to the suspension of the *Montrealer*. And therefore, the view is that the sooner, the better. And you have answered that.

We will put these questions in for the record.

SMOKING POLICY

There is a passenger survey on smoking, the favorite subject of the chairman. The House asked for this survey. And their hearing is not until March 22. That is, obviously, smoking on rail passenger trains. We wonder whether you have a summary yet. Apparently 75 percent of Amtrak's nonsmoking ridership likes it that way. What is the smoking policy very briefly?

Mr. CLAYTOR. Yes; Bill, would you like to discuss that?

Mr. NORMAN. Yes, sir; Senator, we did this survey in the fall of 1988 in which we surveyed a little over 4,000 passengers, which was a statistical sampling. And what essentially we found is as follows, if I may summarize.

Eighty-seven percent of our nonsmokers and 75 percent of our smokers indicated that our smoking policy was very good or excellent. And only a very small percentage did not agree.

We also asked them about the availability of smoking areas on the train and what did they think of it. And roughly about 70 percent of the nonsmokers and 72 percent of the smokers indicated that the availability on board the train for smoking areas was satisfactory. So, in relationship to——

Senator LAUTENBERG. Not separate cars? You are saying separate areas.

Mr. NORMAN. Yes, sir.

Senator LAUTENBERG. Did you ask them whether they would like separate cars?

Mr. NORMAN. Yes; it does vary, sir, depending on the equipment. There are some sections of the train in which there is no smoking in a car. However, we have designated smoking areas on board all of our trains, and it was these designated smoking areas that they were commenting on.

Mr. CLAYTOR. In many cases we have a car that is for smoking and all the other cars are nonsmoking. When you get to a lounge car, you can't do that. There is only one lounge car on the train. So, then you have to split the car. So, we have both problems.

But so far as full cars are concerned here in the East, you have a smoking car usually at the end of the train on the Metroliner, for example. All the rest of the coaches are nonsmoking. But we have again only one parlor car. Therefore, you have to split the parlor car between smoking and nonsmoking. So, we have both problems, Senator.

Senator LAUTENBERG. You know, on the airlines we now have a 2-hour ban for which this Senator takes considerable credit.

Mr. CLAYTOR. Yes.

Senator LAUTENBERG. I am just wondering whether we could fix a time. I guess it's hard changing passengers. You do that much in airplanes at various stops, but we will continue to have interest in that.

Thank you all very, very much. An excellent presentation. The case is persuasive, especially hearing from Senator Byrd. He has an active interest in this as you sensed.

Mr. CLAYTOR. Yes.

Thank you very much, Mr. Chairman. We appreciate all your help.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

Senator Lautenberg: We often hear from the Administration why Amtrak should not be funded. Would you highlight some of the key reasons to continue to provide grants to Amtrak and what would be the impact of zero funding for Amtrak?

Answer: Attachment 1 to my testimony details in full the impact of the elimination of Amtrak service and the important benefits we now provide. I will highlight several of these.

Amtrak's high-speed service along the Northeast Corridor carries 17,000 non-commuter passengers daily - twice as many passengers as carried by all airlines combined between the cities of New York, Newark, Philadelphia, Wilmington, Baltimore, and Washington. Between Washington and New York, Amtrak carries 36 percent of the passengers traveling, some 4,200 daily. Without Amtrak, the vast majority of these travelers would be forced to fly. This would require 60-70 additional flights between Washington and New York, mostly at peak times each day, and could require a new airport in both Washington and New York. Similarly, Amtrak carried 1.7 million passengers annually in the extreme congested San Diego-Los Angeles corridor.

If Amtrak operations on the Northeast Corridor were eliminated, the significant costs for maintaining and operating the NEC would be shifted to the commuter authorities. Additional costs would be allocated as follows: Maryland DOT -- $20.5 million; SEPTA -- $12.9 million; New Jersey Transit -- $30.7 million; and MBTA -- $11.9 million. In addition, Conrail would have to absorb an additional $41.9 million in costs.

Amtrak serves roughly 500 communities, many of which have limited or no public transportation alternatives. Some 109 communities served by Amtrak have no air service (140 if the Essential Air Service program is eliminated) and 34 have neither air nor bus services (40 if the Essential Air Service program is eliminated).

Amtrak employs 23,000 workers, some in nearly every state of the country, with a total payroll in excess of $700 million.

In addition to operating the Amtrak system, Amtrak operates commuter service for the Massachusetts Bay Transportation Authority and the Maryland MARC system. Amtrak will also operate the Northern Virginia commuter system if and when it becomes operational. If Amtrak were eliminated, these commuter services would face significant disruption.

Senator Lautenberg: Please explain why the proposal to privatize Amtrak is not workable.

Answer: Amtrak's experience, as well as that of the railroad industry prior to Amtrak's formation, makes it clear that rail passenger service cannot under present conditions be operated at a profit. Accordingly, privatization of an inherently unprofitable operation is impractical and would necessarily result in the elimination of nearly all of Amtrak's national rail service, the sale of assets that in time will provide Amtrak significant funding for capital projects, and a significant increase in costs (mostly borne by the federal government) for the major rail commuter authorities.

It is wrong to think that privatization will result in less cost to the government, and even President Reagan's Commission on Privatization recognized that Amtrak can be made attractive to private ownership only over time if the cost of its operations can be reduced. First, if Amtrak's six most expensive long distance routes were eliminated, approximately $100 million in costs would be saved in the first year. However, under existing law, Amtrak must provide full salary and benefits for up to six years to any employee who loses his or her job as a result of a reduction in service. In the first year alone, this would amount to $118 million; over the six years, it would climb to $390 million just to eliminate six routes. If a privatized Amtrak were to eliminate all unprofitable routes -- essentially all Amtrak service -- total labor protection liability could be as high as $2.6 billion.

I must note that the financial turnaround of Conrail -- often cited as a possible model for Amtrak -- illustrates the fallacy of trying to retain passenger service through a privatized Amtrak. Conrail's revenues between 1980 and 1985 actually declined (in contrast to Amtrak's, which increased 46 percent). What made Conrail profitable, in addition to extensive federal capital funding, was wholesale cuts in service, back to a profitable core operation. Given the economics of rail passenger service, where no core of profitability exists, the lesson of Conrail is that privatization would simply mean the elimination of Amtrak service. Under these circumstances, the idea of continuing Amtrak service by means of public stock sales, mergers with private companies, distribution of shares to employees, etc., cannot be taken seriously.

With additional capital for equipment and facilities, Amtrak can continue to reduce its need for federal financial support. Enactment of the legislative changes we are seeking would further reduce our costs and our dependence on federal support. This is the direction we should take if we are to preserve a national rail passenger system.

Senator Lautenberg: In the event Amtrak service were eliminated, what would be the labor protection liability for each of the next six years?

Answer: The current estimate of Amtrak's Labor Protection Liability for the period FY90-95 is as follows:

	($MILLIONS)
FY90	$ 830
FY91	650
FY92	450
FY93	350
FY94	240
FY95	120
	$2,640

* The above estimate excludes an additional $200 million C-1 liability for the contracting railroads.

Senator Lautenberg: Please detail the savings Amtrak could expect in the coming years from enactment of its proposals relating to the FELA, RRTA, RUIA and tort reform.

Answer: The following represents the savings Amtrak could expect in FY90 and future years from the enactment of its legislative proposals relating to FELA, RRTA, RUIA and tort reform assuming a January 1, 1990 effective date.

ESTIMATED SAVINGS
($ MILLIONS)

	FY90	Future Years
RRTA	36.5	48.7
RUIA	7.0	---
FELA	8.0	16.0
TORT	7.0	10.0
TOTAL SAVINGS	58.5	74.7

Senator Lautenberg: How would you characterize the relationship between NJT and Amtrak?

Answer: Amtrak has a very good relationship with New Jersey Transit. Communications have improved between all staff levels. The new operating contract which went into effect on January 1, 1989, further enhances the relationship between both parties.

We have been working with New Jersey Transit for a number of years in an effort to improve service to the traveling public. With the amount of capital work New Jersey Transit has been requesting, we initiated a force account agreement which utilizes all present and future work through additional authorizations to one master agreement. This agreement was successfully negotiated and has been mutually satisfying to both parties since January 1, 1987.

New Jersey Transit's on-time performance for February was 91.9 percent and 89.0 percent for January.

Senator Lautenberg: What is your projection for ridership on the new Atlantic City line? Will these be new travelers or will Amtrak service displace use of the private automobile? How many commuters are expected to rider NJT service to Atlantic City?

Answer: We anticipate that when the proposed service level has been fully established we will be carrying about 1.4 million passengers a year between Atlantic City and other points in the Amtrak system. Based on previous experience and our understanding of current travel patterns to Atlantic City, about half of these passengers will divert from existing automobile travelers. Most of the rest will be new.

While New Jersey Transit has shared some of their initial projections with us. We are not aware of their latest expectations. We have not made our own estimates of potential commuter ridership.

Senator Lautenberg: What will be the economic impact of Amtrak's new Atlantic City service on New Jersey?

Answer: When the service is fully established, we anticipate that the service will bring approximately a half million new visitors to Atlantic City each year. The service will also tie in both the Atlantic City area and the Jersey suburbs of Philadelphia into Amtrak's Northeast Corridor service and to the rest of our system, enhancing the accessiblility of these areas to the Northeast.

We anticipate that this service will attract new customers to Atlantic City who currently do not travel there now because of the limited transportation alternatives. Based on the typical users of our other Northeast Corridor services we expect that these visitors will likely spend more time and money in the facilities of the city than those using existing transportation. The improved accessibility for South Jersey will provide a more attractive environment for both business and residential development.

Senator Lautenberg: How will NJT's decision to delay start-up of its service to Atlantic City affect Amtrak? Will Amtrak be able to handle some of the passengers that normally would take NJT to Atlantic City?

Answer: We do not anticipate that New Jersey Transit's decision to delay start-up will have a major impact on Amtrak's service. However, we expect that initial public awareness of the new services may be somewhat reduced if they are not started at the same time. Because we expect to have ridership between Lindenwold and the rest of our system, we will have some capacity to handle passengers between Lindenwold and Atlantic City. We are not planning to offer commuter fares, however, and our schedules will be oriented toward intercity service rather than commuters.

Senator Lautenberg: Amtrak is requesting $106 million for capital improvements. Please detail the use of these funds, including the specific projects that would be funded.

Answer: Amtrak's minimum FY90 capital requirements total $138.1 million. Of this amount, it is estimated that $32.1 million can be financed through revenue enhancement sources leaving a grant requirement of $106 million, detailed as follows:

Rolling Stock	$ 61M
Maintenance Facilities	14M
Stations/On-Board Services	11M
Information & Communication Systems	15M
Right-Of-Way	28M
Other	9M
TOTAL	$138M
Less: Revenue Enhancement Sources	32M
FY90 Capital Grant Requirement	$106M

Specific projects that are planned for FY90 include the acquisition of Viewliner cars and advanced AC-drive diesel locomotives in the Rolling Stock category.

Modernization of the facilities at Sunnyside Yard in New York and Beech Grove, Indiana are a top priority in the Maintenance Facilities program.

In Stations/On-Board Services, station renovations aimed at improving service quality and safety are planned. Increased handicapped accessibility is also a top priority. Commissary improvements are planned for Washington Union Station and New York Penn Station. New mail handling facilities are essential in Buffalo, New York; Boston, Massachusetts; and New York Penn Station to meet the rising demands for mail service and Amtrak Express business.

The Information and Communication System plans include replacement of the ARROW reservation system terminals and an upgrade of the ARROW communications system. In FY90, Amtrak will enter the second year of its five-year mainframe consolidation plan, aimed at reducing costs by upgrading to the more efficient computers that are now available.

For FY90, the Right-of-Way program will continue programs to upgrade track, signal and communication systems, electric traction systems and bridges, and buildings on the Northeast Corridor and West Side Connection. These programs will protect and enhance the federal government's investment in Amtrak's infrastructure, and insure safe and efficient high-speed corridor services. A joint venture program with the Long Island Railroad will upgrade tunnels east of Penn Station, New York, and a cooperative program with California will provide funds for upgrading track in the Los Angeles-San Diego corridor.

The "Other category" of the FY90 plan includes Amtrak's legal, insurance and environmental requirements as well as funds for expanding the company's business development activities. The FY90 plan also includes enhancements to Amtrak' Fiber Optic network, replacing office equipment and other mandatory requirements.

Senator Lautenberg: Do New Jersey Transit and SEPTA have their shares of the funding required for extension of CETC from Wilmington to Newark as provided in last year's Conference Report?

Answer: We have been told by SEPTA and New Jersey Transit that each expects to have its funding in place by late Spring. SEPTA submitted its application for UMTA funds on March 2; New Jersey Transit expects to submit its application to UMTA by March 10.

Senator Lautenberg: Amtrak has requested $56.07 million for NECIP improvements. Will any of these improvements impact New Jersey?

Answer: Of the $56.07 million requested in our FY90 NECIP proposal, the following projects and corresponding expenditures will be within the state of New Jersey (dollars in millions):

o Installation of CETC and Related Signal Upgrades	$ 5.13
o Electric Traction System Upgrade	1.73
o Track Improvements	1.75
o New York Tunnel Improvements	1.50
TOTAL	$10.11

Senator Lautenberg: What are Amtrak's plans for spending the remaining funds authorized in the NECIP project?

Answer:

	$ Millions
Original	310.0
FY85-89 Appropriations	103.7
Remaining Authorization	206.3
FY90 Request	56.1
Remaining to Identify	150.2

The projects to be accomplished with these funds in FY90 include:

	$ Millions
CETC	$ 4.97
Track Circuits-Boston	3.0
Concrete Ties	30.3
New York Tunnels	4.5
PL-1 Replacement	.3
Circuit Breakers	.4
Substation Control Cables	1.5
138 KV Switches	1.0
Transmission Line Ground Wire	1.1
New York Service Facility	2.5
Bridge Rehabilitation	4.0
Catenary Renewal	1.0
Track Improvements	1.5
TOTAL	$ 56.07

Other remaining projects, for FY91 to FY93, include:

	$ Millions
CETC Wilmington-New York	$ 14.9
CETC New Haven-Boston Phase I	12.0
Track Circuits-Boston Division	4.0
New York Tunnels & Facility Improvements	12.0
Circuit Breakers	.6
Substation Control Cables	1.5
Supervisory Control-New York	.6
CWR	6.0
Bridge Rehabilitation	60.0
Catenary Renewal	7.7
E.T. Rehabilitation	3.2

Drainage Improvements	3.1
Track Rehabilitation Newark & Philadelphia	15.0
M/W Bases Philadelphia & New York	9.6
TOTAL	$150.2

Senator Lautenberg: Please detail the funds that have been spent and the remaining funds that need to be spent to extend CETC over the entire Northeast Corridor from Washington to Boston.

Answer: CETC funds have to be considered as field work and office control. The total job for Engineering is to convert existing mechanical interlockings to all relay, change track circuits, install express cable and local control cables, reconfigure signals to provide braking distances, and install reverse signals on all tracks.

To date, the funding to Amtrak is as follows:

o Final Signalling	$ 61,327,733
o Express Cable	18,979,615
o Office Control Philadelphia and Boston	43,615,136
o Switch Heaters	4,847,779
TOTAL TO DATE	$128,770,263

The remaining funds which need to be spent are as follows:

o Wilmington-Philadelphia	$ 6,615,908
o Philadelphia-Morrisville	14,802,186
o Morrisville-Hudson	28,328,320
o New Haven-Boston	83,999,598
TOTAL	$143,746,012

Senator Lautenberg: Please detail the expenditures that have been made to date with respect to the New York tunnels, the work that has been completed and the work that remains to be completed in the coming years.

Answer: The following projects have been accomplished with NECIP funds in the New York Tunnels (dollars in millions):

o Renew Track Structure	$13.3
o Install Dry Standpipes	.5
o Cable Testing	.1
o Open Cross Passageways	.2
o Install Fire Extinguishers	.3
o Communications (Telephone and Radios)	.1
o Repair Bench Walls	.2
o Electrical Load Study	.4
o Renew Signal Cable	.1
TOTAL	$15.2

Projects presently planned and progressing are:

o Lighting and Signage	4.8
o Life Safety Study	.4
o Load Study Immediate Repairs	5.6

o Complete Fire Extinguisher Installation	.2
o Install Fire Doors	.2
o Tunnel Stairway Replacement	1.2
o Replace Sump Pumps	.5
o Rehabilitate Station Platforms	1.0
o Rehabilitate Sub 2A	.5
o Rehabilitate 3 Substations	2.0
o Renew Slip Switches	.3
o Electrical/Mechanical System Design	1.2
o Rehabilitate Station Tracks 10 and 12	.5
TOTAL	$17.9

Major categories of work still to be accomplished in the coming years include:

o Electrical, Mechanical & Ventilation Control System	$20.0
o Load Study Implementation	15.0
o Station Track Rehabilitation	19.0
o Station HVAC	10.0
o Handrail and Benchwall Repairs	5.0
o Dry Standpipe System	15.0
TOTAL	$89.0

Senator Lautenberg: Amtrak's Board of Directors recently approved a resolution to conduct a study to develop a Life Safety Plan for the New York tunnels. Will other users of the tunnels share in the costs? When will the solicitation of a consultant take place?

Answer: Amtrak already has The Long Island Rail Road actively participating in funding the Life Safety Study as it relates to the areas they utilize in Penn Station and the East River Tunnels. It is anticipated that New Jersey Transit will also participate in this study in the areas they utilize in Penn Station and the North River Tunnels.

The requests for proposals have already been distributed to six consultants that specialize in life safety, and their responses are due back to Amtrak for evaluation on March 31, 1989. It is then anticipated that a contract will be awarded and the study would be completed by October 1989.

Senator Lautenberg: What is the next safety item that needs to be addressed in the New York Tunnels?

Answer: The next priority item to be addressed in the New York Tunnels is the improvement of the lighting and signage system to provide a safer environment for the traveling public, and our employees, in the event of an emergency evacuation.

Senator Lautenberg: Please detail Amtrak's existing fleet of passenger cars and locomotives. Explain why the number of Heritage cars has increased in the past several years. What is the average age of the different types of equipment and the various type of Heritage equipment?

Answer: Amtrak as of January 1, 1989, had the following passenger equipment:

Passenger and Food Service Cars	1,416
Baggage and Material Handling Cars	218
Locomotives (Diesel and Electric)	305
Self-Propelled Equipment	130
Total	2,069

Amtrak's Heritage equipment consists of conventional steam passenger equipment acquired in the first years of operation which have been upgraded with all-electric head-end power. Over the past several years (1983-1986), the number of Heritage cars in the fleet has increased to initiate Auto Train service between Sanford, Florida and Lorton, Virginia.

The average age of Amtrak's passenger car fleet is 20 years. The following shows the age of each equipment type in Amtrak's fleet:

Type of Equipment	Number	Average Age
Heritage Cars	583	35
Amfleet I & II Cars	632	12
Superliners	282	9
Auto Carriers	61	26
Material Handling Cars	73	3
Viewliners	3	1
Total	1,634	20 years

The following lists the number and type of Heritage cars in service and their average ages.

Car Type	Number	Average Age
Baggage Cars	145	36
Baggage/Dormitory Cars	23	38
Sleepers	114	37
Lounges	26	38
Coaches	136	34
Diners	47	37
Dome Coaches	15	35
Hi-Level Coaches	57	30
Hi-Level Lounges	6	33
Hi-Level Diners	6	33
Bi-Level Coaches	6	31
Bi-Level Cafes	2	31
Total	583	35 years

Senator Lautenberg: If Amtrak is able to place an order for Viewliner sleeper cars, who are the likely candidates for building the cars? Did any of them participate in building the prototype Viewliner cars?

Answer: Bombardier, Alstholm, and Kawasaki presently have assembly facilities in the United States. Other foreign car suppliers have established assembly facilities for specific projects to achieve significant domestic content. Major car components such as trucks, brakes, seats, fiberglass room modules, electrical heat and air conditioning units will be of domestic supply. There are multiple sources for these items and the actual vendors will be determined by competitive bid.

No, none of these companies participated in building the prototype Viewliner cars. Amtrak owns the Viewliner designs and the tooling.

Senator Lautenberg: Ideally, at what age should passenger cars and locomotives be replaced?

Answer: Ideally, locomotives should be replaced in 15-18 years and passenger cars in 40 years. Cars should be remanufactured with completely new interior at their mid-life of 20 years. Average fleet mileage is 120,000 miles per year.

Senator Lautenberg: Please provide the status of Madison Square Garden's plans for the air rights above Penn Station in New York.

Answer: On January 26, Gulf & Western, Inc. (G&W), the owners of Madison Square Garden, announced that it had abandoned plans to build a new arena west of the present site and replace the existing Garden with an office complex on the air rights above New York Penn Station. At the same time, G&W announced that it now plans to undertake an estimated $100 million renovation of the existing Garden. The renovation effort will begin in June 1989 and will be completed in September 1991. Amtrak has initiated discussions with G&W regarding the impact on Penn Station of their renovation plans.

Senator Lautenberg: Amtrak owns considerable real estate and air rights. When developing these properties, has Amtrak considered getting cash up front in return for a smaller share of future income?

Answer: Amtrak's goal in developing its land and air rights is to generate the maximum value possible. With that goal in mind, the Real Estate Division considers a broad array of business terms, including up-front cash, when negotiating real estate transactions.

Senator Lautenberg: Please detail your explanation that ticket fares are optimally priced so that a fare hike would reduce total revenue.

Answer: Based on our experience in experimenting with prices for train service over the past decade, we have determined that there is a point at which the amount of revenue we can obtain in a particular market is maximized. If we lower the fare below that point we do not get enough new riders to make up for the lower revenue we get per rider. Likewise if we raise the fare above that level, we do not get enough additional revenue from each passenger who continues to ride to offset the loss in ridership.

For example, we may find that if we raise fares 5 percent, we lose 7 percent of our riders. Since total revenue is the product of the fare times the number of passengers paying that fare, in this hypothetical example, we would get 0.93 times as many riders multiplied by 1.05 times as much revenue per rider, or 0.9765 times as much total revenue. Similarly, we might find that decreasing fares 5 percent causes a 4 percent increase in ridership, which would give us 0.988 times as much revenue. When we have found that we can get more revenue from either raising or lowering our fares, we have done so.

The exact fare level which is optimal can vary dramatically from one market to the next, depending upon the economic characteristics of the markets and the competitive environment in the markets. The optimal fare can vary by time of year, or even time of day. We try to set our fares at the best level to maximize the revenue for a particular route during a particular time period.

Senator Lautenberg: The Chicago Tribune carried a story on February 12 that quoted DEA sources as saying that "increasing amounts of narcotics such as marijuana, cocaine and heroine are being transported by train."

a. What has Amtrak's experience been in drug interdiction and what steps is Amtrak taking to prevent the use of its trains for moving drugs?

b. What further assistance can Congress provide Amtrak to combat this practice?

c. Is Amtrak getting support from federal agencies?

Answer: a. Between 1975 and 1986, the drug trafficking patterns on Amtrak remained constant. Principally, marijuana and cocaine were transported from South Florida into the northeast. New York City was the primary destination point. Approximately five percent of these shipments were destined for Canada. There was also moderate use of Metroliner Service by street dealers from the Baltimore, Washington, and Philadelphia metropolitan areas. Street dealers traveled to New York City, purchased heroin or cocaine and returned via train. There was some cross-country traffic. Cocaine was transported from Florida to Washington, D.C., then into Los Angeles via Chicago. The reverse route was used for PCP.

During this timeframe, Amtrak Police were able to control drug trafficking on our trains by periodically forming mobile task forces. A task force would saturate a particular service and, within three to four months of intensive effort, drive the drug dealers off our trains. The service would then remain "clean" for approximately 12 to 18 months.

In 1986, the Department found that it could reduce, but no longer eradicate, drug traffic on the Miami trains. The amount of drugs destined for Washington, D.C. and other cities in the Northeast Corridor increased. For the first time, our investigators began intercepting major cocaine shipments originating in Los Angeles and destined for cities in the northeast. In addition, arrests of street dealers in the Northeast Corridor rose dramatically.

Senior Amtrak officials believe that the proliferation of airport details and expanded highway interdiction programs by state and local police are largely responsible for the increase in drug trafficking on our trains. The change in flow of drugs simply follows national patterns.

In 1986 we changed our enforcement approach. From 1986 to date, we have continued to experience a high rate of arrests and seizures. Throughout the history of our drug interdiction program, one constant has remained. There has been little or no use of checked baggage or express shipments by the drug trade. In practically all of our arrests, drugs are found in either carry-on luggage or on the passenger's person.

We are taking the following steps to deny drug dealers the use of our trains:

- We have established both permanent "choke points" and mobile task forces to combat the problem.
- Additional personnel for the drug unit has been authorized.
- We have recently acquired three drug detection canines.
- Last week the Police Department signed a Memorandum of Agreement with EPIC (El Paso Intelligence Center) to share drug intelligence information.
- Every police officer in the Amtrak Police Department has been trained in drug interdiction procedures.
- We have hosted drug interdiction training classes for federal, state, and local police.
- We have loaned our Police Department's training personnel to other law enforcement agencies in order to solicit their cooperation, hone their skills, and increase their awareness of our problem.

(All of the above has been accomplished within our existing budget.)

- And, we have made drug interdiction one of the Police Department's top priorities.

Concerning your question, I would like to make one additional and, I believe highly significant, point. Approximately one out of ten of our drug arrests are also weapons arrests. This condition poses a serious threat to the traveling public. As you can see, for a number of reasons, it is imperative that we continue to aggressively enforce the law as it relates to drug trafficking on our trains.

b) The Congress could greatly assist us by passing the legislation contained in our 1989 Legislative Package dealing with explicit federal authority for the Amtrak Police Department. Additional appropriations specifically for our drug enforcement activities would not be unwelcome.

c) Yes, Amtrak enjoys excellent relationships with all federal law enforcement agencies. I would particularly like to cite the Drug Enforcement Administration and the Bureau of Alcohol, Tobacco and Firearms for their outstanding cooperation in this matter.

Senator Lautenberg: Please provide a chart detailing the revenue generated from Amtrak's various revenue-enhancement projects over the past several years and for the next several years.

Answer: Shown below are actual revenues generated from Amtrak's revenue enhancement and Safe Harbor programs for FY88 and estimates for FY89-FY91.

($MILLIONS)

	FY88 ACT	FY89 BUD	FY90 EST	FY91 EST
Track Services	6.8	6.4	5.8	5.9
Equipment Services	1.2	---	3.0	13.7
Cogeneration	0.9	1.2	2.4	2.5
Communication Resale	7.1	6.1	6.4	5.7
Fiber Optics	---	3.1	1.4	1.4
System Software	---	3.2	2.0	2.0
Miscellaneous	0.3	0.1	0.2	0.3
Sub-Total	16.3	20.1	21.2	31.5
Safe Harbor	13.8	12.8	13.6	11.4
TOTAL	30.1	32.9	34.8	42.9

NOTE: Above figures are gross revenues.

Senator Lautenberg: Please list the Amtrak yards cited in the Maintenance of Way operating expenses at page 6 of the grant justification. Where are the yards, what are their annual budgets, and how many workers do they employ?

Answer: The following schedule provides the information regarding the yards cited on page 6 of the grant justification:

FY89 Budget

Location	Dollars ($000)	Manpower
New Orleans, Louisiana	580.3	13
Chicago, Illinois	1,925.2	47
Sanford, Florida	100.6	2
Los Angeles, California	679.7	11

Senator Lautenberg: Amtrak shows a $9.1 million increase in expenses for insurance and interest. Is this all in interest from the Bombardier cars? Please detail the interest and payment schedule for the Bombardier cars.

Answer: The $9.1 million increase in interest expense is all related to the financing of the Bombardier cars. The payment schedule requested follows:

($ MILLIONS)

Total annual payment	$ 12.221
Period of Financing	15 years
	$183.319

Year	Payment	Interest	Repayment of Principle
1	12.221	9.233	2.988
2	12.221	8.931	3.290
3	12.221	8.598	3.623
4	12.221	8.232	3.990
5	12.221	7.828	4.393
6	12.221	7.384	4.837
7	12.221	6.895	5.326
8	12.221	6.356	5.865
9	12.221	5.763	6.458
10	12.221	5.110	7.111
11	12.221	4.391	7.830
12	12.221	3.599	8.622
13	12.221	2.727	9.494
14	12.221	1.767	10.454
15	12.221	0.710	11.511
	183.319	87.524	95.795

Senator Lautenberg: What are the receipts from Amtrak's On-Board Services listed on page 7 of the budget justification? How does Amtrak justify increasing the budget for these activities if they are not profitable?

Answer: The On-Board Service Program encompasses operation of coach, sleeping car, and food and beverage service. These services are collectively an integral part of Amtrak's total transportation package.

Although all areas of On-Board Service coach, sleeper and food service are essential parts of Amtrak's total service package only food service generates its own revenues. In FY90 the food and beverage service is projected to generate an estimated $75 million.

The basic reason for increased costs in On-Board Services relates to new train service to Montreal and Atlantic City, and additional frequencies in the State of California. This accounts for $3.9 million of the $6.8 million increase shown on page 7 of the justification request. The balance of $2.9 million is due to increased ridership in FY90.

Senator Lautenberg: Please detail the investment in maintenance facilities cited on page 19 of the budget justification.

Answer: Amtrak's FY90 Maintenance Facility Program will continue multi-year efforts to rebuild and modernize Amtrak's car and locomotive servicing and maintenance facilities to reduce equipment maintenance costs while improving reliability.

A major portion of the program will continue modernization efforts at Sunnyside Yard in New York. Here, Amtrak will continue a multi-phase program to modernize the equipment servicing facilities and make improvements to the commissary. At Beech Grove, Indiana the facility improvements will permit establishing a production line-type operation to increase labor productivity. In Washington. D.C., the Ivy City facility will be expanded to accommodate increased car maintenance assignments from Philadelphia as well as construct a diesel inspection facility. In Los Angeles, California a new locomotive maintenance facility and various support buildings will be constructed as the current structures are obsolete and beyond economical upgrade. Other locations throughout the system will acquire facility machinery and support equipment in order to sustain current maintenance productivity levels.

Senator Lautenberg: Please explain and detail the category "Other" on page 23 of the budget justification.

Answer: The "Other" category of the FY90 Capital Plan includes projects and programs that support Amtrak's legal, insurance, and environmental requirements. Also included in the "Other" category are business opportunity projects that contribute to increasing revenues and reducing costs. These projects include enhancements to Amtrak's Fiber Optic network, a new Marketing Information System network, and replacement office equipment. Amtrak's vehicle payments are also included in the "Other" category.

Senator Lautenberg: Regarding page 20 of the budget justification, which "selected" stations are to be upgraded; which commissaries; where will new mail handling facilities be built?; how much will be spent on track and platform work at Washington Union Station?

Answer: In the FY90 Capital Plan, Amtrak intends to upgrade stations in Providence, Rhode Island; Detroit, Michigan; Baltimore, Maryland; Hudson, New York; and Stockton, California. Some commissaries slated for improvements in FY90 include Washington Union Station, New York Penn Station, and commissaries in Seattle, Washington; Oakland California; and Los Angeles, California.

New mail handling facilities are planned for Buffalo, New York; Boston, Massachusetts; and New York Penn Station, to accommodate Amtrak's growing mail and express business.

Improvements to track and platforms at Washington Union Station are currently estimated at $6 million.

QUESTIONS SUBMITTED BY SENATOR BYRD

Senator Byrd: Would you explain why CSX is proposing that Amtrak reroute its Cardinal service?

Answer: It is our understanding that CSX has no freight business left on that part of what it calls its Mountain Division between Waynesboro and Clifton Forge, Virginia. Thus, it would basically have to maintain this whole line in first class shape solely for Amtrak's train at a cost of about a million dollars a year. Last year CSX asked Amtrak to consider alternate routes to Clifton Forge that would avoid use of this line. Routes suggested by CSX through Lynchburg or Front Royal, Virginia, were unacceptable because too slow and circuitous. After running test trains over these and other routes, we concluded that a route from

Charlottesville through Waynesboro and Buchanan to Clifton Forge was the fastest and most desirable possible alternative, and the only one we could consider. This would retain service to all points in West Virginia and strengthen the train by adding service to substantial additional Virginia communities.

Senator Byrd: Why does Amtrak want to accommodate CSX?

Answer: Amtrak has agreements with CSX and with other freight railroads which we think entitle us to operate our trains over their lines but which expire in 1996. To enforce this right over a route where the railroad has abandoned freight service, however, would probably require arbitration or litigation -- a course we wish to avoid if at all possible. This is so because when these contracts expire, we will have to negotiate new agreements in order to stay in business at all beyond the lines we own in the Northeast Corridor. I, therefore, believe it is very much in our interest and in the interest of our contract railroads for us to establish and maintain good working relationships with each other. My policy for the whole time I have been with Amtrak has been to try to establish a partnership relationship with our contract freight railroads. This means that we try to help them where we reasonably can, and in turn to expect them to do the same for us. In the long run, both of us will profit from this, and Amtrak's very survival may depend on it.

In this case, we can insist and have insisted on substantial commitments from CSX in exchange for our rerouting The Cardinal around the part of the line they need to abandon. CSX has agreed to pay the entire costs of all capital improvements that would have to be made to put us on a route that, unlike their Mountain Division, will not be abandoned in coming years. These include the cost of an expensive new connection in Charlottesville, station facilities in Waynesboro, Buena Vista and Buchanan-Roanoke, all costs of moving The Cardinal from our very inadequate station in Cincinnati to the newly renovated Cincinnati Union Station, and operational improvements that would shorten travel time between West Virginia and western points.

Senator Byrd: What would be the impact on travel time from West Virginia to Washington?

Answer: Between Washington and Clifton Forge, travel time will take approximately 75-80 minutes longer. Between Clifton Forge and Indianapolis or Chicago, travel time will be 75-80 minutes shorter than the current schedule. Total travel time between end points will remain substantially unchanged.

Senator Byrd: What will be the impact on West Virginia ridership?

Answer: My own view is that there will be little, if any, effect on total ridership. Travel east of West Virginia may decrease slightly, but travel west of West Virginia should improve. We are currently collecting and studying travel data on these questions and will submit results for the record.

Senator Byrd: Will the rerouting increase ridership into West Virginia from the Roanoke area?

Answer: Yes. A new station at Buchanan (which will be redesignated as Buchanan-Roanoke) is less than a half hour's drive on I-81 from our dedicated bus terminal in Roanoke. With a metropolitan area population of some 225,000 and a station no further from the city than most major airports, I anticipate substantial additional business from Roanoke to and from Charleston and Huntington, as well as longer distance travel on The Cardinal west to Cincinnati, Indianapolis and Chicago and east to Washington and New York.

Senator Byrd: Will you be able to secure funds in the private market to match a federal appropriation for new equipment?

Answer: Yes, we can. If we can get an appropriation of $50 million that can be used for new cars, I am satisfied we can match that with $50 million financed in the market. We recently privately financed a 100-car order for new Bombardier short distance coaches. The private markets appear willing to lend us money so long as they see we are receiving needed federal financial support for our programs.

Senator Byrd: What is the minimum amount of capital funding that you estimate is needed to begin replacing your older equipment?

Answer: In order to hold down the unit price, we must place a minimum order for 50 new Viewliner cars at about $2 million each, or a total cost of $100 million. This means we need at least $50 million of appropriated capital for this purpose, which as I have said we will match with an equal amount raised in the market. Our request for a total appropriation in FY 1990 of the amounts the Senate Commerce Committee approved last year for authorization -- $656 million -- would provide us with this necessary new equipment capital, after covering our anticipated operating deficit and our requirements for capital for miscellaneous shop and other requirements.

Senator Byrd: If additional capital is appropriated to Amtrak for equipment, would Amtrak be willing to place some new cars into service on The Cardinal, thereby increasing its capacity?

Answer: Yes, indeed. We want to place an order as early as possible in 1990 for 50 new Viewliner sleeping cars, a new low-level car that we have designed and tested ourselves. Viewliner sleepers can accommodate 34 sleeping berths, compared to only 20-22 on our existing Heritage sleepers. This means we can increase our capacity with the same number of cars.

Senator Byrd: Do you believe that tri-weekly service, as on The Cardinal, is good operating procedure?

Answer: Absolutely not. Tri-weekly service is not the way to go because much of the traveling public generally is unwilling to match its travel plans to Amtrak's 3-times-a-week schedule. It is very confusing to the public and makes marketing the trains difficult. I want eventually to change all of our tri-weekly services to daily services, and The Cardinal is at the top of my list. Costs will increase, but I think revenues and ridership will also increase.

Senator Byrd: Will you commit now to making The Cardinal daily if you have the equipment to do so?

Answer: Yes, and I think it will significantly help the train. If we go daily and use new Viewliner equipment, we can increase the capacity of the train and, because we would need fewer cars to accommodate current ridership, we would gain the flexibility of adding additional cars during peak travel periods. We can't do that now without adding an extra locomotive, which is expensive and of which we have a serious shortage.

Senator Byrd: What is the on-time performance of the Blue Ridge? Is it getting better or worse? What about equipment failures? When you renegotiate the Blue Ridge agreement, what will you do to improve on-time performance?

Answer: MARC has operated the Blue Ridge service since January 1986 when it assumed the operation from Amtrak.

The performance of this service has recently improved with the on-time performance in 1988 averaging 87 percent. In January 1989, the lastest figure available, the performance for these two trains averaged 97 percent. Mechanical failures have diminished greatly from earlier years, helping to improve the performance.

We have no plans to renegotiate this contract since both parties are happy with this arrangement.

Senator Byrd: What is the status of negotiations between Amtrak and the Maryland Department of Transportation for continued operation of the Blue Ridge by MDOT? Will Amtrak take over operation of the MARC service when the CSX contract expires in 1991.

Answer: To date there have been no formal negotiations between MDOT and Amtrak concerning the Blue Ridge. In informal discussions, MDOT has indicated that they will continue to operate this train to Martinsburg, West Virginia, but to do so they will need a subsidy, either from Amtrak or from the State of West Virginia. We feel that it is in the best interest of both Amtrak and MDOT that this service continue to operate in West Virginia.

The MARC agreement with CSX runs through June 30, 1990. With respect to operation of other MARC commuter trains, Amtrak is very interested in assuming the operation of these trains upon termination of the CSX agreement provided a satisfactory agreement can be negotiated with MDOT.

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

Senator Mikulski: Will Amtrak support legislation this year for the testing of railroad workers in safety sensitive positions for drug or alcohol use?

Answer: Amtrak has supported and will continue to support legislation to require periodic random drug and alcohol testing of all safety sensitive railroad employees.

We consider drug and alcohol use to be the most serious threat to rail safety today, and we currently are preparing to implement the Department of Transportation's drug-testing regulations issued in November. Because these regulations are being challenged already by the truckers' union, legislation would certainly be beneficial to reinforce Amtrak's authority to perform random testing.

Senator Mikulski: How often are bridges inspected and how long is a bridge expected to last? How many other 76 year old bridges are there on the NEC? What is the status of Amtrak's bridges in Maryland and is Amtrak keeping up with required maintenance of those bridges? What is Amtrak's timetable for maintaining them?

Answer: All bridges and trestles carrying the railroad, and all bridges, regardless of ownership, crossing over the railroad, including signal bridges, are inspected at least once per year. Open deck steel bridges and timber trestles carrying the railroad and wooden overhead bridges are inspected at six-month intervals. Movable bridges carrying the railroad are inspected monthly. Masonry arches and piers are inspected at least once per year. Where any unusual conditions exist on any type of bridge, more frequent inspections are made.

The life of a structure is dependent on various factors. We are dealing with three basic types of bridges: steel bridges, concrete bridges, and stone arches. Steel bridges are designed for what is called a useful service life of at least 80 years under the worst conditions, i.e., daily subjecting of the bridge to the maximum permitted loads. The life of a bridge can be extended based on the actual loads to which a bridge has been subjected, the effect of the environment, the level of maintenance, and the type of bridge. Experience has shown that, for example, a steel bridge that has not been subjected to continual heavy loading and has been adequately maintained could have a 50 percent greater useful life. Stone arch bridges, on the other hand, have a useful service life which may only be limited by the condition of their foundations; foundations of bridges over waterways must resist the effects of tides and storms.

In the Northeast Corridor, we have many old bridges which are still in good condition because they do not carry frequent heavy loads and they have been well maintained. We conclude that maintenance work will extend the useful life by at least 25 years. Therefore, we feel our steel bridges have a service life of at least 120 years, and our concrete bridges at least 100 years.

There are 365 bridges on the Northeast Corridor that are 76 years old or older. Of these bridges there are:

- o 164 Stonearch Bridges
- o 32 Concrete Slab and Arch Bridges
- o 169 Steel Bridges

If status refers to the condition of the bridges, in general, the bridges in Maryland are considered to be in good condition. Their condition today can be attributed to the fact that they were designed and built stronger than needed at that time. Also, railroad bridges, compared to highway bridges, were not subjected to the effects of de-icing chemicals which caused the rapid deterioration of our highway system structures. We feel we are maintaining these bridges so they are structurally safe. Since we do not have an annual bridge painting program, the appearance of the bridges sometimes causes concern, but we feel sure they are safe.

Amtrak inspects all bridges at least once per year to continually update its annual maintenance program. There is no fixed timetable during which we can say we will work on a particular structure every five or ten years. Maintenance work is determined by the conditions of each structure and the priority given to that work.

Senator Mikulski: I understood that Amtrak has agreed to perform maintenance on the Bush River and Gunpowder bridges this summer. However, Amtrak is asking for funding to this maintenance in its FY 1990 REQUEST. When will repairs be made?

Answer: We plan to take two construction seasons to complete the work planned for these bridges. Amtrak will start the work this summer with available capital funds. It is planned to complete the remaining work next season with FY90 NECIP funds.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

Senator D'Amato: What legislative action is Amtrak requesting that will help improve its profitability and service?

Answer: Amtrak has proposed a number of legislative changes that would significantly reduce its need for federal operation support. These proposals are included in Amtrak's 1989 Legislative Report, submitted to Congress on February 15, 1989. The first would be a three year test, under which the injury claims of Amtrak's employees would be resolved under no-fault state workers' compensation laws rather than under the tort-based Federal Employers' Liability Act (FELA). This change would result in significant savings that would directly reduce our need for federal operating support. I strongly believe that a no-fault system also would produce a better environment in which to improve work place safety, as well as provide a more equitable, reliable system for compensating our injured employees.

Amtrak is also seeking inclusion in a two-year relief provision for commuter authorities that would save about $16 million in taxes to the Railroad Unemployment Insurance trust fund. Amtrak, like the commuter authorities, pays a significant surplus into that fund at the present time. Congress passed a law last year under which the commuter authorities will be required for 1989 and 1990 to pay into the trust fund only the amount that is actually paid out in benefits to their employees. Amtrak is proposing that it be treated in the same manner, and the Administration is supporting Amtrak's proposal.

Amtrak has proposed that it and commuter authorities be made exempt from punitive damage awards, which can dramatically raise the cost of resolving lawsuits. The Federal government is exempt from such awards. So long as Amtrak receives federal financial support, Amtrak too should be exempt. Amtrak's proposal includes several tort reforms that together could save $10 million annually.

Finally, Amtrak has proposed in the past that it be permitted to withdraw from the Railroad Retirement system and substitute instead a private pension program, in addition to Social Security, to match the retirement benefits employees presently receive under Railroad retirement. Amtrak could save $45 million annually under such a private program, due to the young age of its work force and the very small number of employees who actually have retired from Amtrak. Although Amtrak still urges adoption of this proposal, it was not included in the 1989 Legislative Report, because a special congressional commission is presently studying the future of the Railroad Retirement system.

Senator D'Amato: What can Congress do to help Amtrak best address its clear need for capital? If Amtrak had additional capital resources, what would be the top priority use of the funds?

Answer: Federal capital grants to Amtrak have declined precipitously in the last eight years, and this issue must be addressed if Amtrak is to continue making progress in reducing its need for federal operating support. Last year, less than a third of Amtrak's capital plan could be funded due to lack of capital, and this does not even address our critical need for new cars and locomotives. Replacing exhausted locomotives and our 30-40 year old Heritage cars is our top priority for new capital funds.

Given the federal deficit, and the competing demands for scarce federal funds, Amtrak believes that its capital needs would be best addressed if Amtrak were funded out of a Unified Transportation trust fund, together with mass transit and highways. A balanced national transportation system requires a balanced, consistent approach to funding. Each mode of public transportation is now funded differently, often in counterproductive ways. A single, unified funding program would ensure a consistent, energy sensitive transportation policy.

Funding of Amtrak in this way would provide the capital we need to address our equipment shortage and meet the growing demand for rail passenger service. It would be beneficial for energy conservation, as we provide the most efficient public mode of transportation. It also would give non-federal financial institutions more confidence in the long-term future of Amtrak and in lending funds to Amtrak for capital and rolling stock programs.

If and when the federal gasoline tax is changed, Amtrak strongly believes that a portion of it should be used to fund Amtrak and mass transit. We urge Congress to consider funding Amtrak in this way if the opportunity arises.

Senator D'Amato: What are your funding needs for Sunnyside Yard during FY 1990?

Answer: We need $7.8 million for Sunnyside Yard in FY90 for the following work:

- o Track Work
- o Parking Areas
- o ET and C&S Changes
- o 480-Volt Standby
- o Interior at Locomotive Shop
- o Car Washer
- o Commissary Equipment (Refrigeration, Shelving, Washing Equipment, and Dock Levelers)
- o Material Handling Equipment
- o High Mast Lighting
- o Exterior Utilities
- o Grading and Drainage

In FY89, we intend to approve $9.4 million for the Locomotive Repair Shop (building shell only), Commissary (less the equipment requsted in FY90 budget), Welfare Facilities for Maintenance of Equipment and the Commissary), and Support Offices for Maintenance of Equipment, Train & Engine Crews, On-Board Services and Commissary.

Total funding for FY89 and FY90 is $17.2 million.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

Senator Domenici: If funding for Amtrak is frozen at the FY 1989 level or reduced below that level, will Amtrak still set-aside $50 million to acquire Viewliner cars?

Answer: In FY 1989, Amtrak received $584 million, which includes $26 million available for capital projects. A freeze at this level in FY 1990 would not provide sufficient federal capital for the new Viewliner cars.

Senator Domenici: If Amtrak were to match in the private financial market a federal capital grant of $50 million, how and from what sources would it do this? What effect have previous borrowings had on Amtrak'soutstanding debt? How will Amtrak raise the additional $50 million? How much in added debt would Amtrak assume if this proposal were undertaken?

Answer: Amtrak would solicit proposals from various financial institutions and under various types of agreements to obtain funds at the lowest possible cost.

Because we are a company with revenues in excess of $1.1 billion and are purposely keeping our debt to prudent/manageable levels, previous borrowings will have no effect on our ability to borrow these funds.

Senator Domenici: How many Viewliner cars, and at what price, would Amtrak get for the $100 million? What is the minimum funding amount for capital equipment that would make it worthwhile for Amtrak to begin the acquisition of Viewliner cars?

Answer: Amtrak currently projects it will need to acquire approximately 250 Viewliner cars over the next five years to replace older low-capacity Heritage equipment and provide some capability to accommodate modest ridership growth. Amtrak projects that it will need to order a minimum of 50 cars to achieve the economics of a production-line manufacture of Viewliners. The specifics as to the number of cars ordered, and their price, would need to be determined in detailed discussions with prospective vendors, but we anticipate that the cars will cost in the neighborhood of $2 million each.

QUESTIONS SUBMITTED BY SENATOR LEAHY

Senator Leahy: Will Amtrak operate service to Montreal over the alternative route via Palmer, Massachusetts, so that service to Vermont can be restored while negotiations continue with Massachusetts and the B&M? Can some service to Montreal be restored by the May 21 Amtrak time table change?

Answer: Amtrak has worked hard to restore service to Vermont and Montreal, and we are hopeful that an agreement between Amtrak, the Boston and Maine Railroad and the Commonwealth of Massachusetts soon will be signed to allow the upgrading of the Connecticut River rail line between Springfield and East Northfield, Massachusetts. This segment must be restored if service is to resume over the original route of the Montrealer. It also is the most expeditious, direct route to Vermont and Montreal.

The agreement contemplates over $9 million of track improvements over the next ten years, most of it to be done during the summer and fall of 1989. Amtrak would contribute the remaining $1.8 million of the $5 million appropriated by Congress to restore service to Montreal, together with 22 miles of rail. Massachusetts would contribute approximately $4.5 million, and the B&M would contribute labor and services worth about $2.5 million. The agreement would ensure the long-term viability of Amtrak service to Montreal, as well as the most marketable routing of the train.

I sincerely hope that we can restore service this spring, and the May timetable change would be the ideal time to do so. However, we believe that it would be a mistake to announce a start-up date or resume service via an alternate route prior to the execution of the agreement between Amtrak, the B&M and Massachusetts. Amtrak requires only sixty days lead time to hire and train crews and to allocate equipment for the service. Thus, as soon as the agreement has been signed -- or all outstanding issues have been resolved -- Amtrak will announce the start-up date and go ahead with hiring and training crews. I am optimistic that this will occur in the very near future.

Amtrak is willing to operate Montrealer service via an alternate route while the Connecticut River rail line is being upgraded. We could operate to Springfield, then east to Palmer, and then north to East Northfield and Vermont. A second alternative is to operate on the Central Vermont Railroad line from New London, Connecticut, to East Northfield and Vermont. We have not made a decision as to which alternate route we will use.

DEPARTMENT OF TRANSPORTATION

Federal Railroad Administration

STATEMENT OF S. MARK LINDSEY, CHIEF COUNSEL

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  WILLIAM R. BALLERINI, DIRECTOR OF BUDGET

INTRODUCTION OF WITNESS

Senator LAUTENBERG. We will call Mr. Lindsey to the table for the Federal Railroad Administration. Mr. Lindsey, we are happy to have you and your colleagues with us. I am sorry that we didn't have a chance to get to you sooner. It doesn't indicate in any way a lack of interest in FRA. It is just that is the way the circumstances worked.

And we will be happy to have your testimony in as summary a form as you can do it and still cover the things you have to. And the full text of your statement, of course, will be included in the record. So, we welcome you. If you would like to introduce your colleagues at the table, we would ask you to do that and then give your testimony.

STATEMENT OF MR. LINDSEY

Mr. LINDSEY. Thank you very much, Mr. Chairman. I would like to introduce my colleagues.

To my immediate right, is Jim McQueen, who is the Associate Administrator for Passenger and Freight.

Senator LAUTENBERG. Jim McQueen?

Mr. LINDSEY. Yes.

Senator LAUTENBERG. He was my executive director of State services for the Lautenberg office until just a few months ago, and Mr. McQueen, you look different than the other McQueen. But we are glad to have you here.

Mr. LINDSEY. This Mr. McQueen has been with us for some time. To his right, is Ray Rogers, who is the Associate Administrator for Administration. To my left, is Joe Walsh, who is the Associate Administrator for Safety. And to his left is Bill Ballerini, who is our Director of Budget.

This is something of an anomaly since you don't usually get a Chief Counsel, but an Administrator instead. When this hearing was scheduled, the Administrator didn't expect to be with FRA at the time the hearing occurred. And we have no new one as yet.

Senator **Lautenberg**. He is still with FRA, however.

Mr. **Lindsey**. He is still with FRA, but is likely to depart any day.

Senator **Lautenberg**. We didn't want to subpoena him anyway. We're glad to have you here.

Mr. **Lindsey**. Thank you, Mr. Chairman. He appreciates it and so do I.

If you would place my formal statement in the record, I would appreciate it.

Senator **Lautenberg**. Without objection.

Mr. **Lindsey**. Without repeating much of it, I would like to summarize a few things about the stewardship of the money that Congress has entrusted us with over the last year.

Before getting into that, though, I would like to spend just a moment also to compliment Amtrak. We at FRA are very impressed with the job Graham Claytor and his team have done with Amtrak both in containing and lowering costs and in increasing their revenues. And we certainly hope that that will continue. We enjoy a very fine working relationship with them.

IMPLEMENTATION OF SAFETY ACT

Our agenda for the year was set very much by the passage of the Rail Safety Improvement Act [RSIA] of 1988 in which the chairman played so large a part. We are very grateful to have that legislation, which is certainly the most important railroad safety legislation since the Safety Act of 1970. We worked long and hard with Congress on that legislation and certainly it set the tenor of our year in the agency.

Responding to the RSIA, we have undertaken 13 rulemakings which is the largest number of rulemakings FRA has ever undertaken in one period in its entire history, that have certainly consumed an enormous amount of the agency's resources.

PENALTY SCHEDULES

We set off immediately on passage of the act to meet the requirement that within 30 days we make the increase in the penalty schedules effective. We issued an interim rule within that time that applied the statute to individuals and raised the maximum penalty schedules without hitting everything in between.

Since that time, we have produced final rules on civil penalties for individuals, raising the maximum and revising our penalty schedules throughout. That was an enormous job. We have almost 2,000 individual entries in our penalty schedules under our various rules. In each rule under the maximum, we grade out the different violations that can occur under that particular rule and apply an assessment amount against each one of those potential violations so that people are put on notice of the relative severity of the violations that might occur.

CERTIFICATION OF SAFETY EQUIPMENT

We also issued a final rule on pretrip certification of automatic train control, of cab signals and of train stops. Both of those were matters in which the chairman played a large role and championed them.

AUTOMATIC TRAIN CONTROL

A third rule that was also a matter in which the chairman played a large role required installation of automatic train control on the Northeast corridor and on spines radiating from the corridor serving Harrisburg, Atlantic City, Albany, and Springfield. Under those final orders, the various railroads operating on those lines are scheduling design and acquisition of the equipment which must be installed by April 1, 1990.

The schedules under the orders are set up so that no one can wander along on April 1, 1990, and say, "April fool, we really don't have it done." Because the schedules are staged quite carefully, if people are not keeping up with their schedule, we have the opportunity to do something about it along the way.

TAMPERING OF SAFETY DEVICES

We also have issued a final rule on willful tampering with safety equipment. It covers tampering with a safety device and knowingly operating a train with a tampered device or permitting a train to be operated with a tampered device. The devices covered include event recorders, alerters, automatic train control, cab signals, deadman devices, and whistles. It is quite a comprehensive rule.

PROPOSED RULEMAKINGS

We have Notices of Proposed Rulemaking [NPRM's] out on which we are still working. These are for employee supplements to accident reports, for blue signal protection for maintenance-of-way workers protecting the camp cars in which they sleep at night, for disqualification of employees who are unfit for service in safety-sensitive positions, and revising the regulations implementing the older laws to conform their jurisdictional statements.

We have put out on the street Advanced Notices of Proposed Rulemaking [ANPRM] on event recorders and grade crossing signal maintenance. The event recorder proceeding is a particularly complex one. We have needed a great deal more information there before being able to proceed to an NPRM. And we have gotten a great deal of information in the record through that ANPRM.

We also have NPRM's being drafted still on bridge safety for maintenance-of-way workers and on licensing or certification of engineers. The licensing or certification rule is the most complex rule of the entire set under the RSIA. It is an extremely complicated subject. We proceeded there first by going out and surveying comprehensively what railroads are now doing to train their engineers, looking not just at the class I railroads, but also at railroads of all sizes and descriptions and various places across the country so that we could regulate intelligently.

Implementing some portions of it, such as access to the national driver register, are proving quite complex, as well. We hope to have an NPRM on the street on that shortly, and we're working very hard to get that done.

RANDOM DRUG TESTING

Outside the RSIA rulemakings, the other important rulemaking that we did this year was random testing for railroad employees. We have a final rule on the street that is presently being litigated. We were immediately sued by the Railway Labor Executives' Association [RLEA] in district court in San Francisco, but because no testing was imminent under the rule, RLEA did not seek preliminary relief. I believe that court case will go along for a while.

As the rule is structured, railroads have until the summer to devise and submit to us plans for conducting random testing on their properties that would conform with the rules. Testing would then ensue after those policies have been approved.

CIVIL PENALTIES

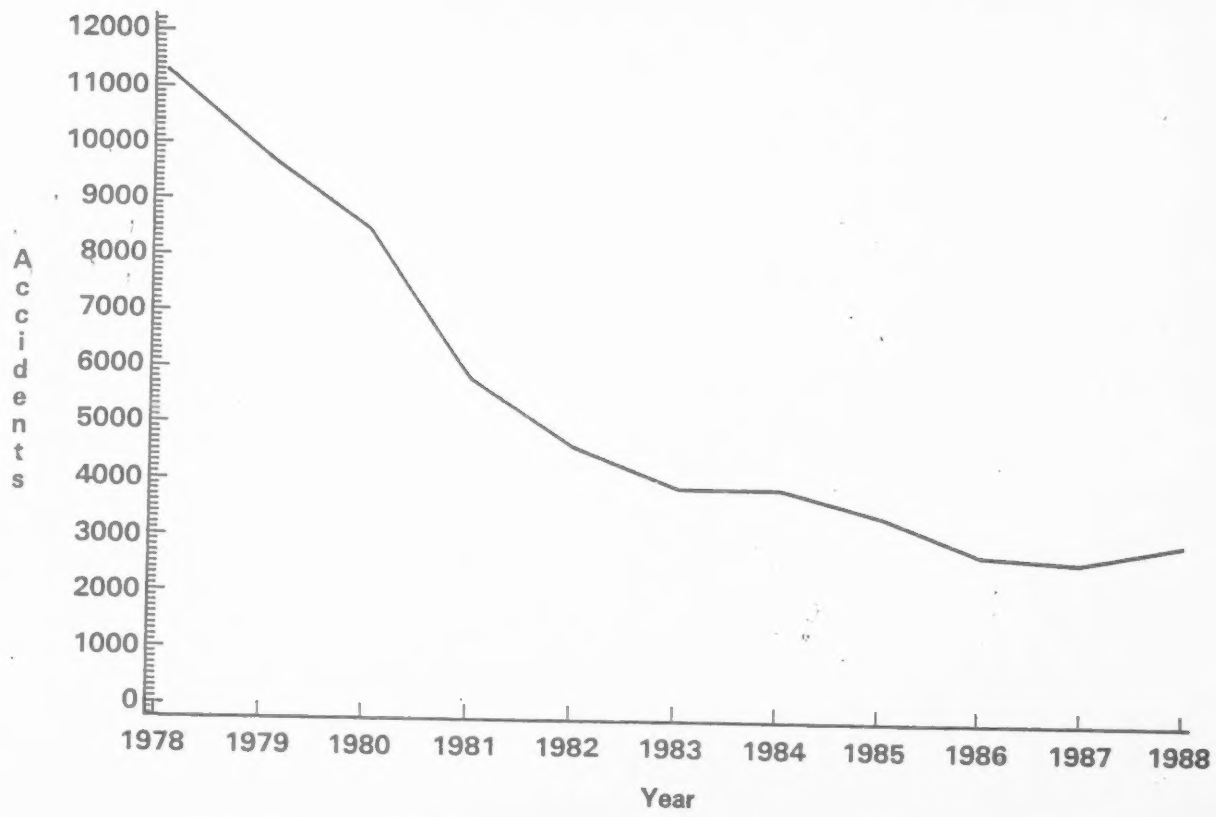
In addition, we collected, while doing all this rulemaking, more than $2.5 million in civil penalties this year, which was difficult to squeeze in.

SAFETY STATISTICS

All that new authority that you gave us under the RSIA was very timely because our safety numbers for the year have changed somewhat. The first chart that is up there will give you an indication. The chart begins in 1978, and as you can see there, the accident rate was really quite high. That shows accidents, but rate traces the accidents.

But over the last 2 or 3 years now, the rate of improvement has leveled out. That shows raw numbers of accidents. They have declined 73.4 percent since 1978. But over 1986, 1987, and 1988, the curve has basically leveled out suggesting that perhaps we have brought the accident rate down about as far as we can with the tools that we have.

[The chart follows:]



Train Accidents, 1978 To 1988

ACCIDENT REPORTING

Senator **Lautenberg**. Is that an accident involving injury? What is the definition in this case of an accident?

Mr. **Lindsey**. That covers any accident involving moving equipment on track in which damages exceed a figure of about $5,700 this year. The reporting threshold is indexed to inflation. It may or may not involve injury. So, we are reaching quite far down. On a railroad to have an accident involving $5,700, you don't have to do very much.

Senator **Lautenberg**. And I'm not sure what exactly that chart means. Does average cost per accident or incident come down? Maybe there's a total of more money in 1987 than there was in 1978. It's of interest, but I think we will have to have more explanation than that. I'm glad to see the reduction in a number of things, but a $5,700 train accident is not a lot of cost.

Mr. **Lindsey**. We can certainly supply total damage data for the year for you for the record, and we would be glad to.

[The information follows:]

REPORTED PROPERTY DAMAGE FOR CY 1978-1988

Year	Number of Accidents	Reported Damage	Average Per Accident	CPI [1]	Reported Damage in Constant Dollars
1988	2,997	$190,766,408	$63,652	341.0	$650,513,451
1987	2,647	$177,185,352	$66,938	340.2	$602,784,568
1986	2,761	$167,549,306	$60,684	328.4	$550,231,921
1985	3,430	$188,017,822	$54,816	322.2	$605,793,422
1984	3,900	$240,462,514	$61,657	311.1	$748,078,881
1983	3,906	$208,350,456	$53,341	298.4	$621,717,761
1982	4,589	$222,215,592	$48,424	289.1	$642,425,276
1981	5,781	$237,514,603	$41,085	272.4	$646,989,779
1980	8,451	$273,905,340	$32,411	246.8	$675,998,379
1979	9,740	$313,907,209	$32,229	217.4	$682,434,272
1978	11,277	$304,951,427	$27,042	195.4	$595,875,088

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[1] CPI is the Consumer Price Index, with a base year 1967 = 100.0. Source: U.S. Department of Commerce (1978-1986), and U.S. Department of Labor (1987-1988).

ACCIDENT RATES

Similarly, the accident rate has dropped precipitously. From 1978 to 1988, overall the accident rate has dropped 67 percent. The second chart breaks out the four components of the rate, and I will get to those in a moment. But the rate has leveled off a bit over the last several years between four and five accidents per million train miles. That is awfully low. We are down to the level where one accident makes a tremendous blip in what we see. The rate is 4.88 accidents per million train miles, which is very, very low.

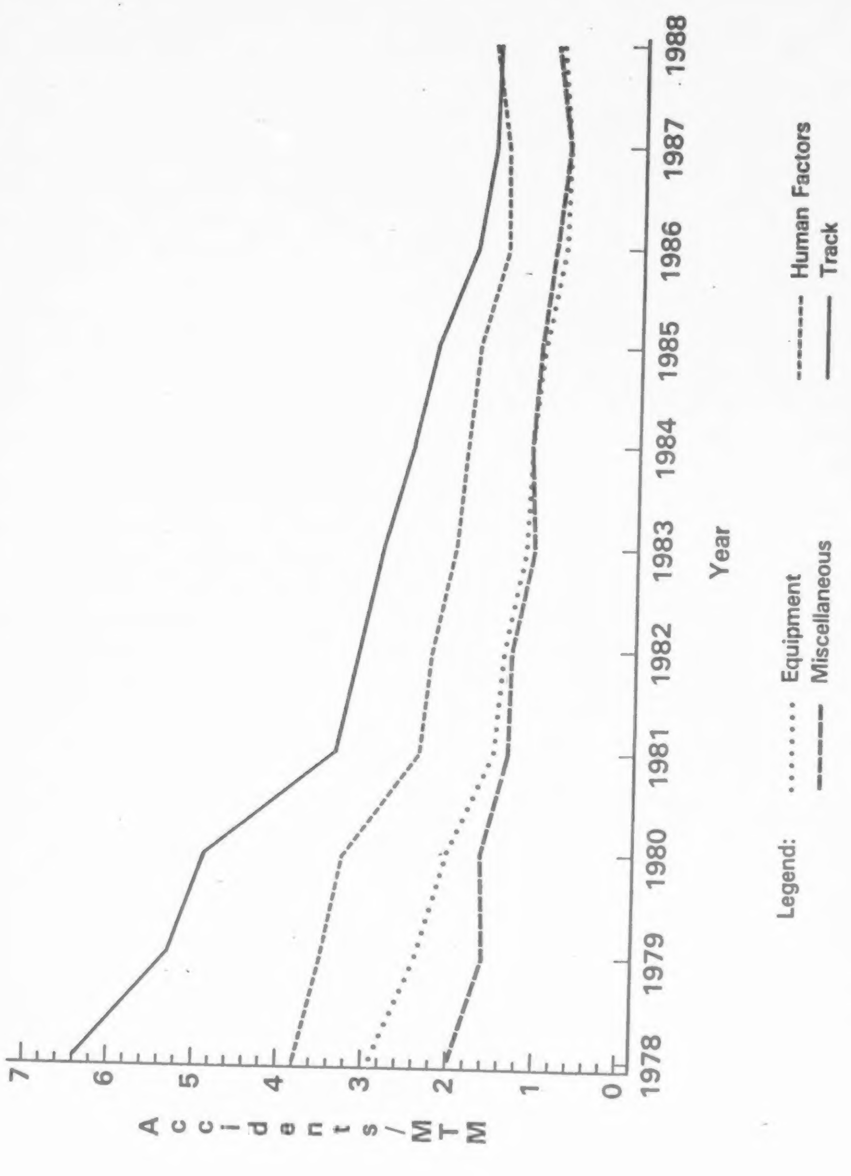
Within that we are quite pleased this year that some of the good news is that this was the lowest year in history for onduty employee fatalities. We would like to eliminate all of them, but we are delighted that 1988 was the lowest.

These are, by the way, preliminary numbers. They may change just a little bit once we get the December reports, but we think that projecting out 11 month numbers provides a reliable estimate.

The second chart breaks out four major accident causes. You have, on the chart, track-related accident trends, which is the red line that drops most precipitously. The green line is human factors; the black line, equipment failures; and the orange line, miscellaneous causes which catch a variety of cats and dogs.

[The chart follows:]

Train Accident Rates, 1978 To 1988



The most important thing here I think to note is that for the first time human factor accidents have become the leading cause of railroad accidents. We have testified for several years that those accidents have also played a disproportionate role in our most severe accidents, and that has continued to be the case. We are certainly concerned about that.

We are also concerned that this year there seemed to be more equipment-related accidents. From what we can tell so far, that's attributable to a large amount of equipment coming out of storage. Railroads had put their poorer equipment in storage, and that is coming back out.

Altogether we think we have had another very, very safe year on American railroads. We believe next year will be another. We hope that those curves will go down further given the new tools that you gave us last year. As those final rules are implemented, we believe we can influence people to improve safety still further.

RAILROAD INFRASTRUCTURE REPORT

I would like to spend a moment also on a report that the committee requested of us dealing with deferred maintenance and deferred capital improvements on the Nation's smaller railroads. We put a great deal of work into that. We surveyed 458 railroads, of which some 378 replied to us.

In quick summary, they told us that 85 percent of the traffic on the Nation's smaller railroads is handled by roads that don't have a substantial problem of deferred maintenance or of deferred capital improvements.

And 55 percent of the traffic is carried by railroads that report no rehabilitation needs at all.

Another 30 percent is carried by railroads which report to us that they can handle their own rehabilitation needs entirely with internally generated funds without even borrowing.

The remainder, some 15 percent of the traffic, is principally that of small, local railroads. They do need outside assistance with their financing, but we believe that such funding can be supplied principally through shipper support, through State programs and through private financing.

The total rehabilitation needs for all of these small railroads, whether they can finance it internally or not, seems to be on the order of about $600 million as a one-time cost. That would be the cost if they went out today and took care of all of their rehabilitation needs on all of these roads.

LOAN ASSET SALES

I would like to spend another moment on our program to sell our railroad securities. We are very pleased with this. Last year we realized $111.4 million in sale proceeds out of our stock of railroad securities. The face value of the securities sold was $181 million.

We are particularly pleased in that we are getting a better rate of return here than any other agency in the Government that we know of. This represents a 62-percent rate of return. The average across the Government on securities that are of much better quality than ours is only 52 percent. That is mostly on secured obligations. The securities that we are dealing with by and large have low interest rates and very generous repayment terms. So, we are very pleased with the results that we have achieved.

WASHINGTON UNION STATION

Finally then, I would like to address my own favorite which is Washington Union Station. We were delighted to get Union Station completed, to have the grand opening last September, and to have a project that is widely acknowledged as having worked.

PREPARED STATEMENT

And with that, Mr. Chairman, I will close and happily answer whatever questions you have.

Senator LAUTENBERG. Thank you very much, Mr. Lindsey. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF S. MARK LINDSEY

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present the fiscal year 1990 budget request for the Federal Railroad Administration (FRA).

FRA's request for $61,409,000 in budget authority and 697 positions represents the culmination of some landmark accomplishments in recent years. A review of our more significant achievements in the past year will help to set the framework for our fiscal year 1990 budgetary objectives.

RAIL SAFETY IMPROVEMENT ACT OF 1988

Last Year, Congress passed the most significant railroad safety legislation in the last two decades. The Rail Safety Improvement Act of 1988 (RSIA) enhanced FRA's regulatory enforcement authority in several critical areas and raised the maximum civil penalties for safety violations. Most important, FRA was provided the needed authority to act directly against individual railroad employees in violation of Federal safety standards.

We have initiated and in many cases completed inquiries or rulemaking proceedings on a number of areas in the RSIA, including:

- increased civil penalties and civil penalties against individuals;
- disqualification of individuals unfit for safety-sensitive functions;
- tampering with safety devices;
- training standards for train dispatchers;
- blue signal protection for maintenance-of-way workers;
- bridge safety;
- employee supplements to accident reports;
- automatic train control on the Northeast Corridor and elsewhere;
- updating regulations implementing the older safety laws;
- maintenance of signals at rail/highway grade crossings; and
- use of event recorders on trains.

This is the heaviest regulatory workload in FRA's history. We are working very hard to complete it.

Although many of the new requirements cannot be fully implemented until the regulatory proceedings are completed, FRA has already begun to familiarize our field inspectors with the new statutory requirements and program responsibilities. Our fiscal year 1990 budget request reflects the increases in field and headquarters resources that we need for the initial implementation of the RSIA.

WASHINGTON UNION STATION

The grand reopening of the Washington Union Station was celebrated on September 29, 1988. The restoration and redevelopment of this historic building into a modern train station and retail center received wide public acclaim. On November 1, 1988, FRA completed the purchase of Union Station for the $10 million provided by Congress in the fiscal year 1989 Appropriations Act and assumed the first mortgage. The developer has leased about 90 percent of the commercial space and the District of Columbia projects that parking garage construction is nearing completion. Work should begin soon on demolishing the old replacement station and bringing the tracks back towards the main building.

SALE OF LOAN PORTFOLIO

In fiscal year 1987, the Administration established a credit reform policy designed, in part, to generate revenue through the sale of financial securities to help in reaching the deficit reduction requirements of the Gramm-Rudman-Hollings Act. FRA's section 505 preference shares program is the only transportation assistance program covered by this policy. Our financial agreements totalled over $600 million through September 30, 1988, when the section 505 authorization expired.

In fiscal year 1988, FRA realized $112 million in net proceeds from the repurchase of securities by the Illinois Central Gulf, Peoria and Pekin Union, and Oklahoma, Kansas, Texas Railroads. Thus far in fiscal year 1989, FRA has completed the repurchase of $2.27 million by the Michigan Interstate Railway and is in direct negotiations with railroads on securities with a total face value of $326 million. Over the next 2 years, we expect proceeds from virtually all of our remaining loan portfolio of $200 million in fiscal year 1989 and $15 million in fiscal year 1990.

Mr. Chairman, I will now summarize FRA's budget request by each appropriation.

OFFICE OF THE ADMINISTRATOR

The fiscal year 1990 request for the Office of the Administrator appropriation is $15,180,000, a $228,000 increase in budget authority from fiscal year 1989 excluding the one-time appropriation of $10 million for the purchase of Washington Union Station. We are requesting 196 permanent positions, a net decrease of one position from the fiscal year 1989 authorized level.

For "Salaries and Expenses," FRA is requesting $13,164,000in budget authority, an increase of $1,087,000 from the fiscal year 1989 level enacted by Congress. The request includes $696,000 for mandatory cost increases, such as retirement contributions, office space rental charges, health insurance premiums, and other administrative expenses; and $391,000 for program increases for three additional attorney staff years for the expanded enforcement workload, office automation improvements, and other support services. These additional staff years are offset by a reduction of four staff years in program areas where funding responsibilities are being diminished.

FRA is requesting $980,000 for "Contract Support," an increase of $30,000 over the fiscal year 1989 budget authority. The fiscal year 1990 request will support special studies of the railroad industry's economic and financial condition, regulatory analyses, assessments of labor and management issues in employee safety, and updates of the waybill statistics and rail network models.

For "Alaska Railroad Workers' Compensation," FRA is requesting $1,036,000 to reimburse the Department of Labor (DOL) for the annual and lump-sum payments made to the former Federal employees of the Alaska Railroad. Under the Alaska Railroad transfer agreement, FRA retained long-term liability for certain employee and survivor benefits of workers who were on the rolls during the period of ownership by the Federal Government. FRA is required by statute to request an appropriation to reimburse the DOL for payments from the Employees' Compensation Fund. In fiscal year 1989, Congress did not appropriate the funds that we requested and DOL absorbed $1,893,000 in compensation payments.

Although no funds are requested for the "Washington Union Station," FRA needs authority to transfer funds from other accounts, on a reimbursable basis, to meet mortgage payments until revenues from station rent and parking garage operations are sufficient to cover this monthly expense. While we anticipate that the station and garage will generate sufficient revenues to cover the payment of the first mortgage, the developer is not scheduled to make the first annual rent payment until April 15, 1990, or seven months into the fiscal year. After that time, revenues received by FRA from station rent and garage operations should be sufficient to reimburse the borrowed funds and cover the mortgage payments.

RAILROAD SAFETY

FRA's request for the Railroad Safety appropriation totals $30,307,000 in budget authority and 486 permanent positions. This is an increase of $2,482,000 in budget authority and 40 positions over the fiscal year 1989 levels. Our fiscal year 1990 request would bring FRA's safety inspection and enforcement resources to an historically high level. However, the request also represents the minimum growth that is necessary for effective implementation of our expanded safety responsibilities under the RSIA.

For the "Federal Enforcement" program, FRA is requesting $25,047,000 and 419 positions, including an additional 34 field safety inspector positions and 4 clerical support positions. Our field operations would expand to 361 safety inspector positions and 58 support positions. The new safety inspector positions are needed in the operating practices, motive power and equipment, signal and train control, and hazardous materials disciplines to handle the additional workloads resulting from the RSIA. Without these new positions, our ongoing safety activities, such as systemwide assessments, would have to diminish in order to address effectively our new regulatory responsibilities. The funds requested provide an additional $662,000 for mandatory adjustments in administrative expenses and $1,451,000 to support an additional 28 full-time equivalents (FTE's) associated with the safety inspectors and clerical support personnel, partially offset by a program reduction of $16,000 for office automation equipment and support services.

The "Automated Track Inspection Program" request for $1,181,000 will provide for operation of our survey vehicle over about 28,000 miles of track in conjunction with FRA's safety enforcement activities. A new five-year contract will be awarded to assure that vehicle operation and maintenance expenses remain cost efficient and effective. The additional $41,000 requested will cover inflationary increases in the reimbursements made to the railroads for costs of fuel, supplies and other services.

FRA's "Safety Regulation and Program Administration" request for $4,079,000 and 67 headquarters positions provides' an additional $344,000 and two new positions for operating practices and hazardous materials specialists. The additional funding includes $75,000 for mandatory increases in administrative expenses, $69,000 for the two new positions and associated costs (one FTE), $120,000 for the development of information systems to support new regulations, and $80,000 for additional contractual support related to the implementation of alcohol and drug testing requirements.

Also, FRA is proposing legislation to authorize user fees to be assessed on the railroad industry for funding the costs of the Federal safety program. The user fees would be phased in over 3 years, generating $9,000,000 in fiscal year 1990, $15,000,000 in fiscal year 1991, and $30,900,000 in fiscal year 1992. Consistent with other Federal transportation programs, the railroad user fees would assure that those who benefit from the safety program will share in its cost of operations.

RAILROAD RESEARCH AND DEVELOPMENT

For the Railroad Research and Development appropriation, FRA is requesting $9,277,000 in budget authority and IS permanent positions. Our fiscal year 1990 request is about the same as the fiscal year 1989 enacted level. The R&D programs will continue to support FRA's rulemaking activities in such critical areas as operating practices, operating personnel qualifications, highway-railroad grade crossings, tank car integrity and placement, and advanced train control systems.

AMTRAK

As the Secretary testified before this Subcommittee, there is no funding request for Amtrak or the Northeast Corridor Improvement Program for fiscal year 1990. The Administration's goal is to build a strong rail passenger system that is self-sufficient for the long term. Amtrak has improved its operations over the last 8 years and will continue to improve. However, continued improvement requires that Amtrak become more efficient with the necessary equipment and infrastructure to provide a comfortable and safe service. The Administration intends to work with Congress to determine a realistic, long range plan to address Amtrak's future operating and capital requirements, and the need for both public and private financing to support this goal.

Mr. Chairman, this completes my prepared statement. I will answer any questions the Subcommittee may have.

FUNDING FOR THE OFFICE OF THE ADMINISTRATOR

Senator **Lautenberg**. Thank you very much, Mr. Lindsey.

Let's look at the funding request that FRA has in here for a minute. The administration's request drops from almost $21 million in 1989 to $15.2 million, a difference of almost $6 million, $5.7 million. What accounts for the reduced funding need year to year?

Mr. **Lindsey**. I will ask Bill Ballerini to address that, our budget officer. Bill, if you would.

Mr. **Ballerini**. Yes, Mr. Chairman; on a program level we have $10 million in the Office of the Administrator for the purchase of the Washington Union Station, plus another $1.8 million for the first mortgage payments during fiscal year 1989. The $11.8 million reduction is offset by an increase of $2 million for other programs that are going up and a transfer of $4 million from Amtrak.

Senator **Lautenberg**. So, we have a net increase. You say $10 million, Union Station, $1.8 million for other programs, $11.8 million. And that is offset by a request for additional funds of $4 million—did I understand you—$4 million or $5 million.

Mr. **Ballerini**. Yes, sir; $2 million increases and a $4 million transfer.

Senator **Lautenberg**. What are those?

Mr. **Ballerini**. We have, for example, what we call adjustments to base, basically about $1 million for rent payments to GSA, working capital fund, and Federal Employees Retirement. We also have some additional program changes, staffing increases, for $101,000 and $1,036,000 for the Alaska Railroad Workers' Compensation.

The other $4 million are from carryover balances that were transferred to us in 1989 from the Amtrak fund for the Washington Union Station purchase. So, it is nonrecurring.

NEW JERSEY TRANSIT SYSTEMS ASSESSMENT

Senator **Lautenberg**. We have the detail. We will be looking at that.

I wanted to ask you, Mr. Lindsey. I assume that you have all of the information that you need to be responsive to this committee. Two years ago I requested FRA to do a systems assessment of New Jersey Transit [NJT] to determine whether several incidents at the time were evidence of systemic problems or if they were isolated occasions. The FRA initiated the field work in February 1988. Now, I understand that assessment is complete, has been reviewed, and commented on by management of NJT. And I am told that FRA will be meeting with labor at New Jersey Transit in the near future to receive their reaction.

Do you have a summary view of the overall findings? What conclusions have we come to?

Mr. **Lindsey**. Yes, Mr. Chairman.

Senator **Lautenberg**. Do you want to just tell us about that?

Mr. **Lindsey**. I'm delighted to.

Basically, New Jersey Transit came out quite well on the assessment. But certainly there were changes that we recommended and that they are making which we think are quite important.

One that was important was that they recognized the need for an independent organization within New Jersey Transit to oversee systems safety responsibility. They have established such an organization in response to commentary that the Office of Safety gave them during the assessment. We are very pleased that they are doing that.

We found that their training facilities are excellent and certainly would like to compliment them on those facilities.

The main line tracks generally are in good condition, but yard tracks are not. They need more attention than they have received. And New Jersey Transit is certainly aware of that.

In response to commentary that we gave them during the assessment, they are preparing and implementing an emergency response program. It covers particularly hazardous material responses when there has been a spill on or adjacent to tracks on which they operate, service disruptions, almost anything that would require emergency response by a passenger operator.

Senator LAUTENBERG. If things are going so well, why do they need this internal department to supervise their safety systems, if I heard you correctly?

Mr. LINDSEY. I will make one introductory comment on that and then ask Joe Walsh to comment on it in more detail.

We find nearly always, looking at railroads, that safety is better served if there is an independent organization with responsibility solely for safety rather than having line officers responsible for safety as well as other kinds of responsibilities. Safety tends to be last on their list in that latter case, and we want somebody out there with safety first on his list and with some clout.

Senator LAUTENBERG. Well, that is like motherhood. I mean, we will all agree with that. But at some point, if they have done well enough, then creating another department is not a good idea. If they have not done well enough, then we ought to do something about it.

Mr. WALSH. I think, Mr. Chairman, we looked at the employee injuries on that property. We felt they had excellent programs on paper, but the line supervision, middle management, really wasn't paying the attention to those programs that I felt they should pay attention to.

They have taken upon themselves now with our recommendations to have the safety department report right to the vice president-general manager who is running the railroad, and he has assured us at our last meeting that these changes address all of the concerns that we have raised in the assessment report.

TAMPERING WITH SAFETY DEVICES

Senator LAUTENBERG. Mr. Lindsey, your statement indicates that the Rail Safety Act of 1988 was very significant to railroad safety. Most significant development, I think you said, in the last couple of decades. As you know, I was very involved in developing those provisions.

In the Chase, MD, accident, safety equipment had been tampered with. Has FRA discovered any additional incidents of tampering? I heard your summary remarks in which you focused on antitampering controls. But has FRA found anything that indicates that that kind of thing has continued—tampering?

Mr. LINDSEY. We have found some other instances of it, Mr. Chairman, but relatively few. Our sense is that employees have gotten the message that this is a very bad idea, and together with the dragnets, civil penalties becoming applicable against individual employees, and the possibility of employees being suspended, we believe they have gotten the message.

We have found this year five instances of tampering with deadman pedals, but compared to what we found before, that is not very many.

AUTOMATIC TRAIN CONTROL SYSTEMS

Senator **Lautenberg**. Well, it depends. If the five resulted in a fatal accident or the discharge of hazardous cargo or something like that, it could be terrible if you get one of those.

The question is, should any tampering with safety devices be accommodated? It is certainly not accepted, but I would hope that the message goes out to not only the employees, but to the railroad management and also to the systems development that it is intolerable, and that the penalties are going to be very severe. And I am sure you would get support from the unions and from labor generally for that kind of thing. That is not a management versus workers issue at all.

One requirement of the Safety Act was for the Northeast corridor users to have ATC's. I heard your commentary before about ATC's. They are moving forward on the ATC installations. I think you said the deadline was——

Mr. **Lindsey**. April 1, 1990, Mr. Chairman.

Senator **Lautenberg**. And it looks like it's on target or on track, as we say here.

Mr. **Lindsey**. Yes, sir.

MIXING FREIGHT AND PASSENGER TRAFFIC

Senator **Lautenberg**. Another issue was the mix of freight and passenger service, same tracks. What is the status of the efforts to remove or reduce freight traffic on passenger lines?

Mr. **Lindsey**. That is going quite well, Mr. Chairman.

Senator **Lautenberg**. What does that mean?

Mr. **Lindsey**. The freight carriers have been very responsive. There are only 27 freight trains left on the corridor at this time; 24 of those operate only between the hours of 10 p.m. and 6 a.m. so that there are only three that are out there during the hours when there is heavy passenger traffic. Those three are restricted to 30 miles per hour.

Senator **Lautenberg**. What are the prospects, if any, for the elimination of the combined use of those tracks?

Mr. **Lindsey**. Probably pretty low, Mr. Chairman, to eliminate it completely. There are a number of shippers along the line that have no other way of receiving service.

Senator **Lautenberg**. Can we look for further reductions?

Mr. **Lindsey**. I believe we can.

Senator **Lautenberg**. That is a target for all kinds of reasons. Safety is the most important perhaps, but also it is my understanding track usage, wear and tear, is worse when there is freight use of these things.

We have several other questions that we are going to submit, and we would ask your department to get back to us as quickly as possible.

RESEARCH ON HUMAN FACTORS CAUSED ACCIDENTS

Senator **Lautenberg**. I have one last question here. In the National Transportation Safety Board's latest rail safety recommendation, the board pointed out that, in their view, irregular work schedules could be a contributing factor in causes for accidents.

Now, can you tell us to what extent the FRA has used its R&D funds to evaluate the human factors involved with accidents? And has the agency studied the related issues of irregular work schedules and those effects on safety? What might we look for in fiscal year 1990 in that regard?

Mr. **Lindsey**. We have historically done relatively little there, Mr. Chairman, because we lack regulatory authority. Under the Hours of Service Act, we are not able to regulate so that we wouldn't be able to do anything about what we found.

Nonetheless, there is ongoing at present one study that does address the issue. I have to confess I have forgotten the details of it and will have to look it up.

Senator **Lautenberg**. Do any of your colleagues at the table have any information on that? Or you don't have to be at the table. If you have the information, we invite you.

Mr. **Lindsey**. This gentleman coming up is Bob Krick. He is the head of our research and development efforts.

Senator **Lautenberg**. Good. Mr. Krick?

Mr. **Krick**. Mr. Chairman, the study we have going on right now is looking at aptitude testing of locomotive engineers basically.

A follow-on to that, which we are hopeful to get started this fiscal year 1989, is studying the stress and fatigue aspects that the locomotive engineer is exposed to and how that might relate to loss of functional capacity. But we don't have that going yet. We hope to get it started this year.

Senator **Lautenberg**. The study has not yet been initiated?

Mr. **Krick**. Correct.

Senator **Lautenberg**. Is that something that the agency is looking to—when might that start?

Mr. **Krick**. It will be sometime probably this summer to get it started, sir, at the earliest.

Senator **Lautenberg**. Any of the human factors that can contribute to accidents happening—safety standards are I think very important. And though you don't have the ability to regulate, you certainly have an obligation, a responsibility and, we hope, the facility to review and evaluate. We would ask you to do that.

SUBMITTED QUESTIONS

We thank you all for being with us. There are questions that we will be submitting. Senator Harkin has questions for the record. The record will be open.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SYSTEM ASSESSMENT OF NEW JERSEY TRANSIT

SENATOR LAUTENBERG: Two years ago, I requested FRA to do a system assessment of NJT, to determine whether several well-publicized incidents at the time were evidence of systemic problems or if they were isolated occurrences. FRA initiated the field work in February 1988.

I understand that the assessment is now complete and has been reviewed and commented on by the management of NJT. I also am told that FRA will be meeting with labor at NJT in the near future to receive their reaction. What plan does FRA have to followup on any recommendations made during this audit? Please provide the Committee a copy of the Assessment and Recommendations when complete.

ANSWER: A comprehensive safety assessment of New Jersey Transit's rail operations and physical property has recently been completed.

New Jersey Transit was orally advised of the results of each inspection as soon as it was completed and received a copy of each inspector's report in a matter of days. Where significant findings critical to safety were discovered, appropriate carrier officers were contacted for immediate remedial action.

A final report is being prepared using the data developed during the field activities.

On February 13, 1989, the Associate Administrator for Safety and members of his staff discussed the findings with top management from NJT. On February 24, NJT responded positively in writing to each of FRA's concerns and recommendations.

As part of the assessment process, FRA reviews the results of the assessment with the labor unions that represent the employees. The written report is not published until this process has been completed. FRA met with the Unions from NJT on March 23, 1989.

FRA will conduct followup inspections in 1989 to verify that appropriate remedial actions are being performed to correct the conditions and practices described in this report.

FRA will provide a copy of the report to the Committee as soon as it is published.

RAIL SAFETY ACT OF 1988

SENATOR LAUTENBERG: Your statement indicates that the Rail Safety Act of 1988 was the most significant railroad safety legislation in the last two decades. As you know, I sponsored many of these provisions. One of the issues was the mix of freight and passenger service on the same track on the Northeast Corridor. What is the potential to further reduce the mix? Provide a trend history by year of the mix for the record.

ANSWER: Currently, there are 27 scheduled daily freight trains using some part (in many cases, very short stretches) of the Washington, D.C., to New York City segment of the Northeast Corridor; all but three operate between 10 p.m. and 6 a.m. No scheduled freight trains operate between New York City and Boston, Massachusetts.

The trend of freight train traffic on the Northeast Corridor is best seen by examining the number of scheduled Conrail freight trains per day moving through the two most heavily used segments: Trenton to Northern New Jersey and Perryville, Maryland to Baltimore. The trend below shows a decrease of approximately 75% in the decade from 1977 to 1987 and a further decrease for 1988. This trend has taken place against a backdrop of stable and increasing Amtrak and commuter train traffic.

	1977	1982	1985	1987	1988
Trenton to Northern New Jersey	37	23	8	6	4
Perryville to Baltimore	29	26	18	10	8

During the summer of 1989, Conrail plans to build a connection that will permit trains to move directly between Harrisburg and Reading, Pennsylvania, thereby reducing freight traffic on the Morrisville, Pennsylvania, to Northern New Jersey section of the Northeast Corridor.

Still further decreases are possible, and Conrail has kept the Department of Transportation informed of continuing discussions on this subject with Amtrak and CSX.

SENATOR LAUTENBERG: In investigating the Chase, MD accident, we found that there was no national qualifications standard for engineers. The Safety Act addressed that. What is the status of a rulemaking to set such standards? Will there be an actual license?

ANSWER: In mid-June 1988, with the enactment of the RSIA imminent, the Administrator appointed an FRA Engineer Qualifications Task Force and met with it here in Washington. Since then, that Task Force, made up of some of the most senior staff in FRA, has developed an extensive base of information needed to conduct a successful rulemaking proceeding. In gathering data, it has met with a wide variety of parties: the National Railway Labor Conference (NRLC), major railroads, commuter railroads, regional railroads, short lines, the Coast Guard, the FAA, FHWA's Bureau of Motor Carriers, NHTSA, the Regional Railroads of America, the IIT Research Institute (IITRI), the Railway Labor Executives' Association (RLEA), and the Brotherhood of Locomotive Engineers. As a result of this work, FRA is in the final stages of drafting a notice of proposed rulemaking (NPRM) addressing licensing or certification of operators of locomotives through a program of review and approval of railroad qualification standards. At present, FRA does not believe it will be necessary for the agency to issue licenses directly; less costly and more effective approaches are available through the employing railroads.

SENATOR LAUTENBERG: The Safety Act directed the Department of Transportation (DOT) to establish a Northeast Corridor Safety Committee to look at the specific needs of our region. Has that Committee met?

ANSWER: The DOT established the Northeast Corridor Safety Committee on September 30, 1988. The first meeting of the Committee was held on January 17, 1989. A second meeting is scheduled for April 20, 1989.

SENATOR LAUTENBERG: Are there areas in rail safety that you feel need to be addressed by the Congress?

ANSWER: The Reagan Administration submitted proposed legislation to repeal outdated safety statutes in February 1987. Congress did not act on these proposals. FRA is reexamining the older rail safety statutes enacted prior to the Federal Railroad Safety Act of 1970 (e.g., the Locomotive Inspection Act and the Safety Appliance Acts) for possible repeal by Congress. The 1970 Act provides the comprehensive statutory authority needed to mount an effective Federal rail safety program. Congress enacted the older statutes when it was attempting to regulate rail safety by statute. Those statutes, encrusted with time, address a rail industry that existed in the late 19th and early 20th centuries. At this point, these archaic statutes place an artificial constraint on rational administration of the rail safety program. That is, FRA is effectively prohibited from exercising the authority given to it by Congress in the 1970 Act to regulate in "all areas of rail safety." For example, the Hours of Service Act grants FRA no rulemaking authority on the question of maximum on-duty and minimum off-duty periods. Consequently, FRA is precluded from acting in that area despite the increased and increasing knowledge of the scientific community with regard to sleep and work patterns and despite the ever changing nature of railroad operations. A rail safety statute that essentially represents the result of political negotiations over working conditions, which are normally the subject of collective bargaining, and that precludes rulemaking on important safety issues undermines the integrity of the program. Since the 1970 Act ushered in a new era of rail safety, Congress should complete its complementary unfinished business by repealing the older statutes. This could be accomplished in such a way as to satisfy any concerns by rail management or labor that repeal would cause them to "lose" certain protections afforded by the older statutes. To the limited extent such concerns may be valid, critical provisions could be incorporated into the 1970 Act.

SENATOR LAUTENBERG: Please provide for the record a matrix of all procedures required under P.L. 100-342, the Rail Safety Improvement Act of 1988, showing the status in the rulemaking process and estimated dates of completion.

ANSWER: Given the vagaries of the rulemaking process and the complexity of many of the pending issues, dates of completion cannot be accurately estimated; however, the date of each relevant action is indicated.

Final rules have been issued:

- requiring pre-trip certification of automatic train control, train stop, and cab signal tests (published September 26, 1988)
- requiring ATC on the NEC and the Atlantic City line (amended orders issued October 5, 1988)
- extending the civil penalty provisions of the safety regulations to individuals, increasing the maximum penalty from $2,500 to $10,000 (and under some circumstances to $20,000), and revising the penalty schedules to raise the penalty amounts that will initially be assessed for violations of particular regulations (published December 29, 1988)
- prohibiting willful tampering with safety devices (published February 3, 1989)

Final rule has been drafted:

- revising regulations implementing the older safety laws to reflect FRA jurisdiction over "railroads" (to be issued soon)

NPRMs have been issued regarding:

- submission of employee statements on accident causation (December 1, 1988)
- blue signal protection for on-track vehicles in which rest is provided for Maintenance-of-way (MOW) workers (February 17, 1989)
- disqualification proceedings for individuals alleged to be unfit to perform safety-sensitive functions based on violations of FRA safety rules (December 9, 1988)

ANPRMs have been issued regarding:

- tamper-resistant event recorders on trains (November 23, 1988)
- maintenance of train-activated signal systems and devices at highway grade crossings (November 23, 1988)

NPRMs drafted and under review regarding:

- safety of MOW workers on railroad bridges
- a program for licensing or certification of operators of locomotives through a program of review and approval of each railroad's qualification standards
- making MOW vehicles subject to the Freight Car Safety Standards

DRUG AND ALCOHOL ABUSE

SENATOR LAUTENBERG: Does FRA's 1990 budget propose increased funding for fighting drug and alcohol abuse in the railroad industry?

ANSWER: Our request for $580,000 for Planning and Evaluation in FY 1990 will be used to fund post-accident toxicological testing; an oversight contractor to ensure the integrity of the testing process; and an evaluation of railroads' random testing plans. We will also conduct seminars for rail labor and management of FRA's random testing rule. The request is an increase of $80,000 over FY 1989.

SENATOR LAUTENBERG: What is FRA doing to mitigate the human factor component of railroad accidents? Is the human factors component increasing or decreasing, relative to equipment or track failure components? Does FRA suspect drug or alcohol abuse?

ANSWER: FRA is extremely active in attempting to mitigate human factor railroad accidents. The Rail Safety Improvement Act of 1988 (RSIA) provided FRA with the needed authority that the agency requested to act directly against individual railroad employees in violation of Federal safety standards. FRA has extended the civil penalty provisions of its safety regulations to individuals. The RSIA also authorizes FRA to disqualify a railroad employee who is shown to be unfit to perform safety-sensitive functions based on a violation of an FRA safety rule. FRA has issued an NPRM and will soon issue a final procedural rule on the employees' notice and hearing rights. FRA has issued a random drug testing rule as well as a rule prohibiting willful tampering with safety devices. FRA will also issue a rule concerning the qualifications of operators of locomotives. Further, FRA has issued an Advanced Notice of Proposed Rulemaking (ANPRM) addressing a potential requirement for tamper resistant event recorders on trains and will soon issue a major report concerning assessment of the dispatcher function. In addition, approximately 10 percent of FRA's research and development budget is dedicated to projects pertaining to the human performance issue of railroad safety.

Human factor accidents have decreased 65.4 percent since 1978. However, track accidents and equipment accidents have decreased 80.1 percent and 76.5 percent, respectively, during this same time period. This year, human factors became the largest single category of causes of train accidents. The human factor accident rate increased 8.8 percent in 1988.

Alcohol and drug abuse is a significant "human factor" safety problem, but the data indicate that there are other significant human factor accident causes.

SENATOR LAUTENBERG: For the record, provide details on the FY 1990 research program especially in the human factors area. Will any be directed towards sleep-induced disorders? Please provide a history of human factors research funding.

ANSWER: In FY 1990, FRA's human factors research expects to: (1) continue to evaluate both the crashworthiness and ergonomic issues related to new design standards for locomotive cabs; (2) continue evaluation of advanced train control systems; (3) continue activities involving grade crossing safety; (4) continue planned efforts to evaluate the effects of stress and fatigue on locomotive engineer performance; and (5) initiate an evaluation of the dispatcher function. FRA has requested $1,100,000 for human factors research programs in FY 1990.

Several issues related to sleep and the adequacy of rest will be considered in the stress and fatigue study related to locomotive engineers. A decision as to the extent sleep-induced disorders will be included must await a broad examination of related work and a detailed review of accident reports. This first phase effort will provide a basis for determining the scope of the remainder of the study.

The recent history of appropriations for human factors (Operating Practices) research is:

Fiscal Year	$ (000's)
1986	550
1987	350
1988	363
1989	900

Not included in earlier years nor easily estimated are the human factors components of other projects funded from appropriations under other headings such as Equipment and Components. Examples include locomotive cab crashworthiness, rear-end markers and hazardous materials product identification. Related funding which can be quantified includes $200,000 for the human factor aspects of the locomotive cab compartment studies under Equipment and Components in FRA's FY 1989 budget. In addition, industry in kind contributions in the form of carrier personnel assigned without charge to aid on R&D projects have been substantial.

SENATOR LAUTENBERG: Has the FRA updated its alcohol and drug use survey since the late 1970's? If not, why not?

ANSWER: The report of the Railroad Employee Assistance Project (the "REAP Report") was published in 1979 and dealt with alcohol abuse problems in the railroad industry. It was the first comprehensive study of its kind directed at a single industry.

In the early 1980's, FRA endeavored to develop a methodology to survey the railroad industry for drug abuse problems. A pilot study produced results that could not be validated in the normal manner. This was probably due, at least in part, to the reluctance of drug users to self-report conduct that involves illegal drug possession.

The original REAP Report has not been updated. To do so would cost several hundred thousand dollars. However, chemical testing programs initiated in the 1980's have yielded more direct and reliable information concerning the scope of alcohol abuse problems while also contributing to the remediation of those problems.

SENATOR LAUTENBERG: Does FRA continue to support random testing?

ANSWER: Yes, FRA issued a final rule requiring random testing of Hours of Service Act employees on November 14, 1988. Railroads must submit random testing programs by June 19, 1989, and on that date railroads must implement new urine testing procedures and safeguards based on Department of Health and Human Services Guidelines. Railroads must begin random testing no later than November 20, 1989. We are currently working toward implementation of those requirements.

Random testing will help to deter drug abuse among critical railroad employees while also contributing to the identification of the chemically dependent.

SENATOR LAUTENBERG: What is the status of the Ninth Circuit's decision regarding FRA's drug testing program? Has any testing of employees been conducted as required under your rule other than preemployment drug screening which was not challenged?

ANSWER: On February 11, 1988, the Ninth Circuit struck down as unconstitutional under the Fourth Amendment the reasonable cause and post-accident testing provisions of FRA's rule to the extent those provisions require or permit testing where individualized reasonable suspicion is not present.

Because the Ninth Circuit stayed the effectiveness of its own decision pending final resolution by the Supreme Court, the rule has remained in full effect and all types of testing under it have continued.

On March 21, 1989, the Supreme Court reversed the Ninth Circuit by a 7-to-2 vote. Skinner v. RLEA, No. 87-1555. The majority held that, even in the absence of individualized suspicion, the challenged searches do not violate the Fourth Amendment. The Court based its holding on its conclusion that the compelling governmental purposes of deterrence, detection, and accident investigation served by post-accident and reasonable cause testing outweighed the diminished expectations of privacy held by railroad workers in safety-sensitive positions.

The Court's decision concerned FRA's original rule, which became effective beginning on February 10, 1986. That rule--

- Prohibits any covered employee from going or remaining on duty while using, possessing, or being under the influence of or impaired by alcohol or controlled substances;
- Requires improved reporting of alcohol/drug involvement in accidents and injuries;
- Provides for pre-employment drug screens;
- Mandates post-accident blood and urine testing after the most serious rail accidents;
- Authorizes breath and urine testing on reasonable cause (on reasonable suspicion, after a serious rule violation, or where there is reason to believe that the employee contributed to the cause or severity of a reportable accident or injury); and
- Requires railroads to adopt employee assistance policies for first offenders, including policies protecting those identified by co-workers ("bypass").

The Court's decision did not touch on FRA's random testing rules, issued on November 21, 1988. These rules, under which testing is not likely to begin until late in 1989, are being challenged in a separate lawsuit filed in the northern district of California.

SENATOR LAUTENBERG: Last year, Mr. Riley indicated that 5.1 percent of those tested had used illegal drugs prior to being tested. Has this percent changed since last year?

ANSWER: In 1987, 5.1 percent of employees tested in the mandatory post-accident testing program were positive for non-medical use of controlled substances. In 1988, 5.6 percent were positive for such use. The positive rate for alcohol held steady at 0.4 percent.

SENATOR LAUTENBERG: Has Conrail executed an alcohol and drug testing program that is satisfactory to the Department?

ANSWER: Conrail began active use of reasonable cause testing in the spring of 1987 and has also included drug screens in its physical examination program. In addition, Conrail has pursued the creation of Operation Red Block programs with certain of its employees. These efforts are in addition to a longstanding employee assistance program, traditional Rule G enforcement, and an active management training program in drug abuse problems.

FRA views Conrail's initiatives as positive. We will continue to evaluate implementation of the company's alcohol/drug countermeasures and may recommend further action based on program results.

SENATOR LAUTENBERG: Is FRA still active in the Operation Red Block and other railroad industry alcohol and drug prevention programs?

ANSWER: FRA recently released case studies of the Operation Red Block (ORB) alcohol and drug prevention program on the two major railroads where the program has been in effect the longest: the Union Pacific Railroad (UP) and CSX Transportation. The case study monograph is being used to promote ORB type prevention programs on those freight and commuter railroads that do not have a peer prevention program.

In conjunction with CSX, FRA is planning a national conference on ORB for this year. In the past, Burlington Northern Railroad and UP hosted similar conferences, which FRA helped organize. Such conferences have been effective in helping to maintain a high degree of support among employees on the host railroads to explain the benefits of this program to representatives from other railroads.

RAILROAD SAFETY

SENATOR LAUTENBERG: Which Class I railroads had the lowest and the highest accident rates in 1988?

ANSWER:

Lowest

Railroad	1988 Accidents[1]	Accidents per million train miles
Louisiana and Arkansas Railway	6	1.27
Denver and Rio Grande Western	9	1.40
Kansas City Southern	16	1.48
Amtrak	95	2.19
Florida East Coast	8	2.38

Highest

Railroad	1988 Accidents[1]	Accidents per million train miles
Chicago Northwestern	163	9.34
Grand Trunk Western	56	10.54
Elgin, Joliet and Eastern	22	11.96
Soo Line	126	13.63
Guilford Transportation[2]	40	21.01

[1] Preliminary summary

[2] Includes Delaware and Hudson, Boston and Maine, Maine Central and Springfield Terminal

SENATOR LAUTENBERG: How did Amtrak's 1988 safety performance compare with its 1987 performance and with other carriers in 1988?

ANSWER: Amtrak's accident rate is the fourth lowest in the nation for Class I railroads. It is 47 percent below the national average.

Amtrak's accident rate for 1988 has decreased to 2.19 accidents per million train miles. This is down from the 1987 rate of 2.61 accidents per million train miles.

The number of accidents has increased from 85 in 1987 to 95 in 1988.

SENATOR LAUTENBERG: How many states dropped out of the state grant program last year? Do you still train the state inspectors?

ANSWER: None. All 32 participating states have continued to participate in this rail safety program in FY 1989, even without any Federal grant funds. Currently 107 state inspectors are participating.

Yes, FRA continues to train state inspectors in the field and in formal classroom programs.

SENATOR LAUTENBERG: Do you have sufficient funds in 1989 and 1990 to provide for at least 15 days of travel for each inspector as mandated by Congress?

ANSWER: Yes. We anticipate that the $2,859,000 and the $3,430,000 budget for FY 1989 and FY 1990, respectively, will be sufficient to cover a minimum of 15 days of travel per month for each on-board inspector.

SENATOR LAUTENBERG: When does FRA anticipate issuing regulations covering (a) the inspection, testing and maintenance of railroad-highway grade crossings, (b) radio communications on the railroads, and (c) licensing of operators of locomotives?

ANSWER: FRA's consideration of each of these issues is ongoing; the timing of action on each is uncertain. After issuing an ANPRM on the maintenance of grade crossing devices, FRA held hearings and received comments. FRA is now reviewing that record to determine the next course of action.

FRA held a series of public hearings on the broad issue of railroad communications on January 28, 29, and 30, 1987. Radio communications formed one of the principal focuses of that proceeding. The extraordinary time commitments required to gain passage of the Rail Safety Improvement Act of 1988--and develop the more than one dozen implementing regulations required to utilize the authority granted by that Act--forced FRA to put that proceeding on hold during the past year. The substantial amount of effort devoted to formulation and adoption of the random drug testing rules was also a major factor in that decision. The FRA Administrator has stated publicly, however, his belief that completion of that proceeding should be the agency's first priority in 1989.

The qualifications of locomotive operators will be the subject of a lengthy and complex NPRM soon to be issued.

SENATOR LAUTENBERG: How have State railroad inspection activities been affected as a result of the termination of the grants-in-aid program for railroad safety? Should states be provided funding under the Federal Railroad Safety Act, since they assist the FRA in its enforcement efforts?

ANSWER: State railroad inspection activities have not been adversely affected. All 32 participating states with their 107 inspectors continue to participate in this rail safety program. The continued involvement of the states supports FRA's belief that Federal funds are not necessary for the program's survival. Federal funds have been reduced from 50 percent in FY 1985 and prior years to zero percent in FY 1989 except for training of state inspectors. FRA has found it is far more cost effective for the overall rail safety program to spend limited Federal funds in other areas.

SENATOR LAUTENBERG: Our Committee has been advised that some employees who have not been adequately trained are required to perform detailed tests and inspections of railroad equipment. Please state whether FRA has specific qualification requirements for such employees. If not, why not?

ANSWER: FRA does not have specific qualification requirements for individuals who are required to inspect railroad equipment. FRA is of the opinion that the present method of carriers qualifying inspectors more than satisfies the requirements.

SENATOR LAUTENBERG: Based upon last year's statistics, there were over 350,000 defects discovered by FRA inspectors, but in only 8,200 cases did FRA seek to impose a fine. Why do you believe this is an effective deterrent, particularly when the fines average only approximately $10.00 per defect discovered?

ANSWER: The vast majority of FRA's safety violations cannot, by statute, be settled for less than $250. The RLEA derives the $10 figure by dividing the total civil penalties collected by FRA during a given year by the number of exceptions noted by FRA inspectors during that year. Of course, only a fraction of the instances of noncompliance found pose a threat to safety serious enough to become the subject of a recommendation that civil penalties be imposed.

FRA assesses civil penalties under the authority of a number of statutes that prescribe a variety of minimum and maximum penalties. In addition, the initial civil penalty assessed for a given violation depends on the penalty schedules FRA has developed to assess higher penalties on more serious violations and lower penalties on less serious violations. We believe that these penalties unquestionably provide a deterrent to noncomplying rail operations. During the past five years, FRA has assessed approximately $30 million in civil penalties, making ours one of the most aggressive enforcement programs in the Federal government.

With enactment of the higher maximum penalties in the RSIA, FRA's penalties will provide an even ~~stiff~~er deterrent. The new maximum authorized penalty for rail safety violations is $10,000 ($20,000 for grossly negligent violations or a pattern of repeated violations).

SAFETY EMPLOYMENT

SENATOR LAUTENBERG: What is the total number of employees in the FRA at this time? Of this number how many are inspectors? What is the total number of inspectors that you are authorized to employ?

ANSWER: The total number of FRA employees is 600. The total number of inspectors is 297. The total number of inspectors authorized to be employed is 327.

SENATOR LAUTENBERG: FRA Administrator John Riley has stated on numerous occasions that over half of the inspectors are directly hired from the ranks of labor. Could you give us a breakdown of the inspectors as to the number hired directly from labor and hired directly from management.

ANSWER: The preponderance of railroad employees either belong to a union or have belonged to a union prior to their being promoted into a supervisory position not covered by a labor agreement. Therefore, since the FRA obtains the vast majority of their inspection force from the railroad industry, it follows that they have, at some point, come from the ranks of labor. Of the current inspection force, 54 percent left the industry from promoted supervisory positions that were not covered by labor agreements, 44 percent left from positions covered by labor agreements, and 2 percent came from positions outside the railroad industry.

SENATOR LAUTENBERG: When a person applies for employment at the FRA for an inspector's position, who makes the final decision to hire? What is the FRA's role? What is OPM's role?

ANSWER: The role of the FRA's Office of Personnel is to review the qualifications and employment eligibility of applicants who apply for Railroad Safety Inspector positions and refer the names of qualified, eligible candidates to the FRA's Associate Administrator for Safety for employment consideration and selection for vacancies. The Office of Safety has its Regional Directors interview the candidates and examine their credentials. The Regional Directors make selections and submit the selections to the Washington headquarters office for final approval. Referral of applicants is made in accordance with applicable laws and regulations established by the U.S. Office of Personnel Management (OPM). In this regard, the OPM delegated examining authority to the FRA for Railroad Safety Inspector positions. The FRA's Office of Personnel has responsibility for the operation and maintenance of the National Railroad Safety Inspector Register, which is a listing of qualified candidates who are available to fill Railroad Safety Inspector positions in the event of a vacancy or the establishment of a new position. When an application is received, the individual's qualifications are evaluated and, if qualified, the applicant is assigned a numerical rating (the minimum eligible rating is 70) based on his/her related railroad experience, which is augmented by 5 or 10 points for veteran preference, if appropriate. The applicant's name is placed on the National Railroad Safety Inspector Register in order to receive employment consideration when a specific vacancy occurs. While the OPM has delegated the examining authority to the FRA, the OPM continues to serve in an advisory capacity to the FRA's Office of Personnel on matters relating to the maintenance and operation of the National Register and periodically reviews the FRA's operation of the National Register for compliance with applicable laws and regulations.

SENATOR LAUTENBERG: The Committee has received a number of complaints from constituents about being unable to obtain an FRA inspector's employment application. Have you received any similar complaints? Please provide a description of the process.

ANSWER: The FRA has not received a large number of complaints from individuals regarding their inability to obtain employment applications. We have received a complaint from one labor union, i.e., Brotherhood of Locomotive Engineers (BLE). The FRA's Office of Personnel, located in Washington, D.C., maintains a sufficient supply of the employment forms necessary to apply for Railroad Safety Inspector positions. Individuals can obtain these employment applications by either writing or calling the FRA's Office of Personnel. Each month, over 100 individual requests for application packages are received, and application packages are normally sent out to the applicants within two or three days of receipt of the request. In addition, in order to further increase the accessibility of the employment forms to the general public, the U.S. Office of Personnel Management's Federal Job Information Centers and a large number of State Employment Center offices located across the United States also are supplied copies of the application forms for Railroad Safety Inspector positions by the FRA's Office of Personnel.

SENATOR LAUTENBERG: We are receiving numerous complaints that the FRA is not answering their mail, especially pertaining to complaints, interpretations of regulations, etc., and in most instances, when there is a reply, it is 6-8 months later. Can you explain this to the Committee?

ANSWER: Since October 1986, FRA has received over 1900 formal complaints of possible non-compliance of Federal regulations addressing railroad equipment, track, operating rules and practices, and other related areas. Many of these complaints cover multiple incidents, each requiring a separate investigation to be conducted by our field personnel. Each formal complaint is assigned a number upon receipt and is acknowledged normally within seven days. Some complaints require only minimal time to investigate and provide a reply. Many, however, require substantial investigation by our inspectors in the field. These investigations and reports of them must be scheduled into the inspectors' normal work. It's true that the final reply for some of the complaints received has taken eight months, or even longer, to complete. However, all formal complaints received are answered.

SENATOR LAUTENBERG: FRA's inspection program is designed to deter the railroads from violating safety standards. The inspectors monitor railroads for compliance with Federal laws, and place special emphasis on passenger and hazardous material routes. Also, other modes have had problems in determining the number and allocation of safety inspectors due to a lack of staffing standards. Over the next three years, how much turnover does FRA expect in its inspection force, and how is FRA planning to replace retiring inspectors? In particular, could you address plans to replace retiring hazardous materials inspectors?

ANSWER: Over 42 percent of FRA's current inspection force (including supervisory personnel) is 55 or older. We anticipate ten retirements through the end of FY 1989 and an attrition of approximately 30 per year for the next three years (FY 1990 - 1992). We will fill safety inspector and supervisory vacancies as expeditiously as possible to the extent that funds are available. The FRA's primary recruitment source when filling any Railroad Safety Inspector vacancies, including Hazardous Materials Inspectors, is the National Safety Inspector Register. At this time, there are approximately 1,600 applicants on the Register for all five Railroad Safety Inspector disciplines and about 300 of these applicants are qualified for Hazardous Materials Inspector positions.

SENATOR LAUTENBERG: How does the FRA determine the mix of inspectors it needs for each discipline and how are they allocated to each region?

ANSWER: A resource allocation model has been designed to establish priorities in the determination of inspector mix by discipline and inspector allocation by region. This method of allocating safety inspectors, based on quantitative measures of risk, is most effective with our limited resources.

The staffing allocation model distributes the total number of inspectors authorized nationwide to the eight regions based on nine criteria: casualties, accidents, employees, hazardous material carloads, passengers, population, tons of freight shipped, mileage and territory size.

The staffing allocation model distributes inspectors by discipline within each of the eight regions using inspections, complaints, violations and reports filed as criteria.

It must be noted that certain qualitative factors must temper the recommendations derived from the staffing allocation model. The substantial expertise of the FRA staff must be considered when allocating manpower. This particular expertise, being nonquantifiable, is necessarily not-programmable at this time but must nevertheless be considered in the staffing process.

SENATOR LAUTENBERG: In a report to the Senate Committee on Commerce, Science and Transportation, the Congressional Research Service suggested that when the number of deaths and injuries is considered, the Federal Government is spending proportionately more on the enforcement of railroad safety regulations than the enforcement of commercial motor carrier safety regulations. In view of the general trend of improved rail safety that has been achieved during the last few years and the continuing problems experienced in commercial motor carrier safety, would it be a more effective use of Federal resources to hire an additional 34 FHWA field inspectors instead of an additional 34 FRA inspectors as proposed in your FY 1990 request? In its budget formulations, does DOT make any relative comparisons of the need for additional inspectors among different modes of transportation?

ANSWER: The budgets of the two safety programs are based on the differing natures of both the programs themselves and the nature of the two industries. Each should stand on its own. Of course, each budget is coordinated through the Secretary's Budget Office, where relative values are addressed.

The state interest in safety on our highway system is paramount, given the largely local character of that system and most of the traffic it carries. The states devote more than twice as much inspector time to the highway safety program than does FHWA. By contrast, the Federal interest predominates in the essentially interstate railroad industry. In enacting the Federal Railroad Safety Act of 1970, Congress explicitly recognized the need for nationally uniform railroad safety regulations and enforcement. Conflicting state rules were preempted, and the ability of the states to regulate railroad safety was sharply circumscribed. However, states do participate in the Federal safety inspection and enforcement effort, providing about one quarter of the total inspector time devoted to rail safety.

The Federal nature of this program is also dictated by the realities of the railroad industry. The wholesale restructuring of that industry in recent years through a large number of mergers has resulted in large multistate railroad systems. State inspectors cannot begin to address the kind of systemic safety issues to which these interstate systems give rise, as can our Federal inspectors, given their freedom to move throughout a railroad system without regard to jurisdictional lines. We can look at railroad safety issues as an integrated whole, as FRA does, for example, when it performs systemwide assessments. Federal inspectors provide the national rail safety program with invaluable expertise developed through their work on such assessments and accident investigations.

Finally, it is unclear what categories of death and injury statistics CRS is citing and whether they are consistent.

SENATOR LAUTENBERG: What changes have been or will be made in the staffing of FRA's regional and district offices as a result of the use of your staff allocation model?

ANSWER: The staffing allocation model does not call for major changes in the existing makeup of inspector territories. Even if it did, FRA does not have the funds to move inspectors from their current duty stations. Changes that are being considered will be made after a position is no longer encumbered by an inspector. FRA will examine from a national perspective where the greatest safety needs exists with the aid of its staffing allocation model. This approach may mean positions that become vacant due to retirements will not be filled because there is a greater safety need at another location. The risk measurement method uses nine factors to quantify how many inspectors each region should get of all the FTE positions that have been granted to FRA. The factors are: casualties, accidents, railroad employees, hazardous material carloads shipped, passenger traffic, population density, tons of freight shipped, track mileage, and territory size. The model also uses inspections, complaints, violations, and reports completed to quantify each region's discipline mix.

SAFETY FEES

SENATOR LAUTENBERG: Although the 100th Congress rejected FRA's proposal to collect user fees, it is again included in your FY 1990 budget request. What is the rationale for this proposal? In terms of equity, effectiveness, and governmental efficiency, is this a sound proposal? How did FRA determine that it would collect $9 million during FY 1990 using such a fee? Why wasn't the fee set to collect $25,047,000, the approximate cost of FRA's safety program? Why should only railroads pay this fee? Should this fee help pay for FRA's research and development program which has direct bearing on the safety program? If so, why shouldn't equipment manufacturers or rail passengers contribute to this fee? Is this fee consistent with President Bush's pledge of "no new taxes"?

ANSWER: In making the railroad environment safer, and in making sure every railroad meets the same standards, FRA's safety program provides significant benefits to the industry.

As the principal beneficiary of this program--through reduced personal injuries, property damage, and related tort claims--the railroads can reasonably be expected to pay for it.

We believe the fees can be assessed against railroads subject to the Safety Act on a fair basis that reflects relative usage of the railroad system, such as track miles, revenue ton-miles, passenger miles, revenues, and other relevant factors, or an appropriate combination.

The amounts to be collected were chosen to provide a phase-in period leading to full coverage of the costs of administering the federal railroad safety program through user fees.

The fees should not include FRA's R&D program, since the intent is to cover only operation of the safety regulation and enforcement program itself. The industry currently shares the cost of many R&D projects.

This proposal is consistent with the President's pledge since the fee would be assessed directly against the specific beneficiaries of the government's program.

NATIONAL INSPECTION PLAN

SENATOR LAUNTENBERG: FRA has a National Inspection Plan which establishes inspection workload goals for each region. The plan describes workload goals for each inspection discipline (track, equipment, signals, operating practices, and hazardous materials). It appears, however, that there are variations in the number of inspections being conducted in the regions. For example, equipment inspectors in one region conduct twice as many car inspections as inspectors in another region. Why are there variations between the regions in the number of inspections per inspectors of similar discipline?

ANSWER: The exact cause of the variances among the regions has not been determined. However, since this is a relatively new program, we believe that the variances have been caused in part by different interpretations of our reporting requirements. To help in eliminating this problem, headquarters and regional personnel, working together, developed time allocation and inspection guidelines and one national inspector productivity form.

SENATOR LAUNTENBERG: The national plan specifies that there are state inspectors in each region who perform inspections similar to those carried out by FRA inspectors. How does FRA coordinate with state inspectors to ensure that there is no overlap or duplication of effort?

ANSWER: The regional directors coordinate with the states to avoid duplication of effort. In many instances, state inspectors are assigned a particular territory to inspect exclusively, and where there is an overlap of territory, the regional directors coordinate assignments with the state inspectors to ensure that there is no overlap of effort. When the national inspection plan is developed for the year, state inspectors are included in the establishment of these goals.

ACCIDENT AND INJURY DATA

SENATOR LAUTENBERG: FRA publishes an annual report on the number of rail accidents and injuries. The Congress and the public rely upon this report to determine the overall safety of the railroad industry. FRA inspectors also examine railroad reported accident and injury reports to determine whether the railroads are properly reporting accidents and injuries.

Are the accident and injury data updated to reflect the findings of FRA's records inspections? In other words, if an inspector finds reporting errors, are the data corrected?

ANSWER: The annual accident and injury data bases are updated whenever corrected information is sent to the FRA. The data bases remain open for changes until May 1st of the next year. The Accident/Incident Bulletin and the Rail-Highway Crossing Accident/Incident and Inventory Bulletin are then produced from the data bases. The data bases are not updated after that in order to assure that further statistical analyses will remain consistent with the published-documents.

SENATOR LAUTENBERG: FRA largely relies on a system of self reporting of accidents and injuries by the railroads. Has FRA taken any actions to ensure that the railroads have internal procedures to assure that accidents and injuries are accurately reported?

ANSWER: FRA continually reviews the completeness and accuracy of the accident/incident data. The monthly reports are subjected to rigorous editing during data entry. During this process, errors involving missing, incorrect, or contradictory information are resolved with the reporting railroad.

Additional tests are performed after the new records are updated to our master files. Many of these are of a more discrete nature and generally involve situations where the information reported does not fit the norm for a particular category. An example would be a review of serious injuries, such as fractures, where the number of days absent for a single case is significantly below the average for that category of injury.

The accident/incident data are also compared to data contained on other information systems. The rail-highway grade crossing accident reports are compared to the information contained in the national inventory of crossings. Employee fatalities are compared to the results of our own investigations. Information concerning drug and alcohol results reported on the accident/incident reports is compared with the test results that are provided by our test center in Utah.

Copies of all accident/incident reports are submitted each month to the regional office in which the accident occurred for comparison with their own records. Many states receive copies of the accident/incident data and advise us when a situation has not been reported or an anomaly appears in the data. Information on individual accidents/incidents is provided to any requestor. This can be very helpful in detecting reporting problems since the requestor may have detailed knowledge of a specific event.

Our operating practices inspectors make routine and indepth reviews of the reporting done by railroads. They are responsible for determining if a railroad is reporting completely and accurately. Civil penalties may be assessed against any railroad that does not adhere to the reporting requirements.

Monitoring the integrity of the accident/incident data is an ongoing process that involves many people. It does not guarantee that there will not be occasional disputes concerning the manner in which certain information is reported. Sometimes these involve subjective judgments.

SENATOR LAUTENBERG: FRA only records and reports damage to railroad equipment resulting from accidents; railroads are not required to report damage to third parties. Is FRA planning to change its reporting requirements so that the full cost to all parties resulting from rail accidents is disclosed? If not, why not?

ANSWER: The railroads only report damages to track, railroad equipment and structures. The railroad must report the accident within 30 days after the month in which the accident occurred. The FRA does not plan to require railroads to report all the costs associated with an accident.

The total cost of an accident to a railroad could include a number of factors: loss of lading, damage to adjacent property, clean up costs, evacuation costs, loss of main line, payment to fire departments, lost work days to employees, and liability claims of employees and of other injured parties. Many of these factors will not be resolved until well beyond the reporting deadlines and, further, although important, would not add to the significance of the cause of the accident which is the primary reason we require accident reporting.

The FRA recognizes that the costs stated for serious accidents do not reflect the full cost of the accident. The costs are used for comparison purposes from one year to another. The FRA's policy is to detect accident cause trends, concentrate its efforts to prevent the catastrophic accidents and to prevent injuries and fatalities to employees and the public, and focus primary interest on the fact that accidents and injuries have occurred at all. Accordingly, for these and the above reasons, the FRA does not intend to change its cost reporting criteria.

HAZARDOUS MATERIALS

SENATOR LAUTENBERG: The volume of hazardous materials moving by rail is increasing annually. Additionally, radioactive wastes are moving from Eastern states to Idaho and, in the next 10-15 years, spent nuclear fuel will begin moving across the country to a repository in Nevada. The potential for a catastrophic release of hazardous materials exists and may be increasing. Reportedly, it takes two years to train hazardous materials inspectors.

How many of the current hazardous materials inspectors staff are trained in the area of radioactive waste hazards? What are your plans in providing such training?

ANSWER: FRA's hazardous materials inspectors are all trained on the DOT requirements for shipping radioactive material shipments, including radioactive waste. This includes documentation, labeling, placarding and train placement requirements. Training has been provided through the Transportation Safety Institute in our Advanced Rail Hazardous Materials Course and by the Department of Energy (DOE), which sponsors a series of radioactive compliance courses across the country.

FRA will continue to educate its hazardous materials inspectors regarding nuclear material and waste by using the Transportation Safety Institute and Department of Energy courses.

SENATOR LAUTENBERG: What were the findings of the recent hazardous materials assessment conducted in the New Jersey and New York area? What enforcement actions resulted? How was the safety of these shipments improved as a result of DOT's efforts? Does FRA have sufficient staff in this region to conduct follow-up audits? Provide current staffing levels plus the prior five-year history of authorized positions and employment.

ANSWER: In 1987, FRA conducted a mini-assessment of freight forwarders and bulk chemical shippers in the Newark, New Jersey - New York, New York area. With the Research and Special Programs Administration, United States Coast Guard, Federal Highway Administration, United States Customs, New Jersey Department of Transportation, and New Jersey State Police, FRA participated in a concentrated inspection effort to determine the compliance of these shippers with the DOT Hazardous Materials Regulations.

A total of 29 freight forwarder operations (10 marine terminals and 19 import/export agents and freight forwarders), 26 bulk chemical manufacturers and two rail carriers (only two carriers service this area) were inspected during a two-week period (April 21 - May 1, 1987).

The assessment revealed that the marine terminal operators were unable to produce documentation on placarded containers within their terminals without first going to either an import/export agent or a freight forwarder handling the container in order to obtain the contents. In many cases this resulted in delays in excess of 24 hours. In addition, 78 percent of the import/export agents and freight forwarders were found not to be in full compliance with existing regulations; and 61 percent of the bulk chemical shippers were found to be below an acceptable level of compliance. Both rail carriers were also found to be below an acceptable level of compliance.

The deficiencies revealed for import/export agents and at freight forwarder operations included: improper DOT shipping name and classification and omission of the DOT hazard classification and placard notation for transport vehicles going in either TOFC or COFC service by rail.

Deficiencies for bulk chemical shippers included: placarding exceptions (faded, torn, upside down), improper DOT shipping name and classification and failure to properly secure appurtenances (dome covers, valve plugs, etc.).

Deficiencies for the rail carriers included: accepting improperly prepared documentation and failure to inspect tank cars.

Three violations were filed against one rail carrier and two shippers.

The audit generated numerous calls into our headquarters office on compliance requirements. Carrier representatives have reported an increase in shipper compliance since the 1987 audit. A follow-up has not been conducted to determine the extent of any improvements.

FRA has sufficient staff that can be brought in to conduct follow-up audits.

FRA had 325 authorized professional field positions for each year from FY 1984 - FY 1988. Of these 325 positions, FRA had thirty hazardous materials inspectors on-board in FY 1984 and FY 1985 and FRA had 34 hazardous materials inspectors on board in Fiscal Years 1986-1988.

SENATOR LAUTENBERG: Based on FRA's experience of monitoring various recent train movements of nuclear wastes, specifically shipments between the TMI facility and Idaho, what type or level of monitoring is likely to be necessary when larger campaigns of shipments begin to a permanent nuclear waste repository or to the MRS?

ANSWER: To date, analysis of our experience dictates that we should continue to monitor all shipments of spent nuclear fuel shipments such as those currently being monitored by FRA and being made by the Department of Energy from the Three Mile Island facility in Middletown, Pennsylvania, to Scoville, Idaho, (2,400 miles), and by the Nuclear Regulatory Commission from Cooper Station, Nebraska to Morris, Illinois, (616 miles). That level of monitoring includes a comprehensive inspection of the track and signal systems every six months along the entire route and the monitoring of the carrier's operating rules. The spent nuclear fuel train is inspected by FRA Motive Power & Equipment and Hazardous Materials Inspectors at point of origin, prior to departure and at points of equipment interchange. This is an ongoing process, however, and as we develop additional experience and when additional shipments of nuclear waste become defined, the FRA monitoring policy will be reviewed again.

FRA SYSTEM ASSESSMENTS

SENATOR LAUTENBERG: In its July 1987 management review of the Department of Transportation, GAO noted that no systematic analysis of costs and benefits had been done to assess the impact of FRA system assessments. Although the overall improvement in rail safety seems to have coincided with the implementation of the system approach, the GAO observed that safety improved by about the same degree before FRA introduced the system approach as after.

FRA continues to credit system assessments for much of the decline in rail accidents and incidents, even though most of the declines occurred before such assessments could have had much impact on rail safety. Each year, FRA attempts to do three system assessments, drawing from its limited inspector resources to do so. FRA has done a number of system assessments in the last ten years; enough to have developed a "track-record" of the concept.

What analyses have been conducted to determine the costs and benefits of using the system assessment approach to inspecting railroads?

ANSWER: In order to analyze the costs and benefits of the system assessment approach to inspecting railroads, quantifiable and consistent measurements of costs and benefits must be developed.

The system assessment approach to railroad safety takes advantage of a team approach to inspecting. The efficiency of this type of inspection effort gives us benefits we would not otherwise realize. There is a synergistic effect because a railroad can be checked by a team of inspectors from each discipline at the same time. This is not usually possible on individual inspections due to the dynamic nature of the railroad industry. Other benefits realized from a system safety assessment are reflected by management's focus on assessment findings. Management is solicited to carefully examine its railroad's operating standards with the objective of improving their safety program. The FRA is currently studying ways to quantify these benefits. Methods under consideration cover examining a railroad's safety performance record before and after a system assessment and measuring differences in resources and time spent for the system assessment approach and the individual inspection approach.

Analyzing system assessment costs will be possible after the redesigned inspection forms for the productivity measurement system are introduced during 1989. FRA will be able to evaluate the amounts of time and resources expended. The costs of the system assessment approach are much more readily quantifiable than the benefits.

SENATOR LAUTENBERG: What follow-up has been done to determine what changes the railroads actually made based on the findings of a system assessment?

ANSWER: Each of the three system assessments done annually is followed up within six months to one year by the FRA.

At the end of the initial assessment investigation' a report is written that addresses railroad safety problems and makes corrective recommendations. The investigated railroad has six months to one year to implement FRA's recommendations. Then, all recommendations in the original assessment report are followed up and checked on and a follow-up inspection report is then published.

For calender year 1989, the FRA is conducting follow-ups on the Norfolk and Western, Conrail, Soo Line and New Jersey Transit Railroads.

SENATOR LAUTENBERG: For each year since system assessments began, please provide a breakout of costs and staffing allocated to system assessments?

ANSWER: At this time, cost and staffing breakout information does not exist. FRA has been developing a Productivity Improvement Program that will capture the amount of time spent and units produced for all duties including assessments. FRA has also been changing the way it gathers cost information so that it can better identify assessment costs. These changes when implemented this year will provide us with the type of data that will enable us to more completely analyze assessment costs and staff accomplishments.

The limited cost and staffing allocation information we do have has been individually gathered by the regional offices. A spot check of their data revealed inconsistent and incomplete costs and staffing allocation data. The cause is primarily due to: (1) each region has its own unique way of gathering assessment data; (2) the assigned region to the assessment often does not count the output and costs for inspectors on loan from other regions; and (3) Regional Directors loaning inspectors for assessment work conducted in another region usually do not track their inspectors' assessment work.

RAILROAD RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: Have you obligated the contract for conducting the magnetic levitation study yet? When do you plan to have the study completed?

ANSWER: The Federal Railroad Administration has not awarded a contract to conduct the magnetic levitation study. FRA is considering the use of in-house personnel with additional support from the DOT Transportation Systems Center obtained through an interagency reimbursable agreement. A project start date of June 1989 is anticipated with a date of June 1990 for submittal of the report to the Committee.

SENATOR LAUTENBERG: In the National Transportation Safety Board's latest rail safety recommendation, the Board pointed out that irregular work schedules may be contributing to human factor caused accidents. Please explain whether any research on this will be done in FY 1990. Elaborate for the record.

ANSWER: During the summer of 1989, FRA plans to initiate a study of factors which produce stress and fatigue in locomotive engineers that may adversely affect their performance. The first study phase will be a literature survey of work done in other transportation and industrial settings. Those findings and methodologies which may be useful in the design of further research in the railroad environment will be used. For example, in previous studies, irregular work schedules were believed to be strong contributors to the onset and extent of fatigue in train crews. This may be one of the factors for further study.

SENATOR LAUTENBERG: Please provide the Committee with a list of all research and development projects requested in your FY 1990 budget that pertain to the human performance issue of railroad safety.

ANSWER: Projects pertaining to human performance contained in the Operating Practices section of the FRA FY 1990 Research and Development budget are:

Project	Amount ($000)
Grade Crossing Safety	$200
Dispatcher/Dispatching Center Evaluation	300
Advanced Train Control System (ATCS) Evaluation	350
Engineering Support for ATCS	50
TOTAL..................................	900

Related projects with significant human factors elements in the Equipment and Components section of the FY 1990 budget are:

Engineering Support for Locomotive Control Compartment Testing	$100
Evaluation of Locomotive Control Compartment Improvements	100
TOTAL..................................	200
FY 1990 TOTAL..........................	$1,100

SENATOR LAUTENBERG: FRA staff completed an audit review of the AAR Tank Car Committee in October 1987. This review has never been released. Does the Administrator have plans to implement the recommendations or release the report?

ANSWER: The Federal Railroad Administration and the Research and Special Programs Administration of the Department jointly reviewed the activities of the Association of American Railroads ;(AAR) Tank Car Committee (TCC). The audit centered around authority delegated to the TCC by the Department.

Staff field work for the audit was essentially completed in the fall of 1987; analysis of the data and drafting the report have been completed. The draft is now being reviewed within the two agencies. We expect it to be released after completion of that review.

The process of DOT's review has already produced tangible results in terms of greater regularity of record keeping by the Tank Car Committee and more careful follow-up by AAR's inspectors on discrepancies found at tank car repair facilities seeking the Committee's certification.

FRA does not assume that issuance of the report on DOT's first audit of the AAR Tank Car Committee will be the final activity in this area; rather, FRA plans to conduct frequent follow-on examinations of the way the Committee is implementing the powers delegated to it.

SENATOR LAUTENBERG: The Association of American Railroads has a substantial hazardous materials and tank car repair facility inspection force. Does FRA review the activities or results of AAR's auditing activities? How will AAR's experiences and the prior data its collected be reviewed in determining whether regulatory criteria for facility certification and periodic reinspection are necessary?

ANSWER: FRA monitors the activities of the AAR Tank Car Committee, both through attendance at meetings and by reviewing its files and dockets. Committee files and dockets "house" the data collected on a given subject matter; review thus includes the collected experience of the industry. If FRA's monitoring at this level raises any question about safety or about compliance with Department of Transportation regulations, the individual reports of AAR inspectors are examined as necessary.

FRA field inspectors continue to monitor AAR/TCC certified shops for compliance with Departmental and Tank Car Committee requirements. Discrepancies are brought to the attention of shop management for immediate correction; violations would be subject to the civil penalty procedures of the Hazardous Materials Transportation Act and Federal railroad safety statutes and regulations. Inspection of tank car shops have been featured as part of recent training programs for the FRA field forces and additional training is planned.

SENATOR LAUTENBERG: What is FRA doing to increase the percentage of its research and development program that is cost-shared with non-Federal sources?

ANSWER: Each R&D requirement is evaluated for its potential for cost-sharing with the railroad industry or other non-Federal sources. Close liaison is maintained with the railroad industry through membership in associations and on committees. Working groups are established when appropriate to determine the degree of support that can be provided for projects of mutual interest.

Industry participation in the development of test plans is sought, thereby providing added technical expertise and interest in reviewing of test results. Tangible support is often realized by the industry's donation of "in-kind" equipment, materials and expertise. Whenever an independent, objective test or analysis is required, cost-sharing is not considered.

SENATOR LAUTENBERG: On page 64 of your budget request, you state that FRA "completed demonstration on four railroads of management techniques to improve railroad employee safety performance." What were the results of this research? How will these results be disseminated to other railroads? What bearing does this research have on your rulemaking activities?

ANSWER: Behavior modification has been used in several industrial settings. This demonstration, a cooperative effort between the FRA and the Association of American Railroads, adapted these techniques to the railroad environment. It was observed that unsafe behavior was reduced on average by 35 percent. Also found was that behavior modification using positive reinforcement techniques can be used successfully in the railroad environment to reduce the likelihood of accidents. Of great importance, too, was that visible management support of the railroads' safety programs increased employee motivation to work safely. Assistance in applying the lessons learned from this work will soon be available in booklet form and is already available from the AAR Safety Steering Committee. Rulemaking is not an anticipated use of the findings of this research; however, widespread, voluntary use by the industry is anticipated.

OFFICE OF THE ADMINISTRATOR

SENATOR LAUTENBERG: Do any of your programs require authorizing legislation in FY 1990?

ANSWER: In FRA's FY 1990 budget request there are no programs requiring authorizing legislation. FRA is proposing, however, that railroad safety user fees be authorized. The Administration transmitted this legislation proposal to the Congress on March 15, 1989.

SENATOR LAUTENBERG: You are requesting another safety attorney for FY 1990. Have you hired the four attorneys we authorized in FY 1989?

ANSWER: Yes. They were brought on board February 27, 1989.

SENATOR LAUTENBERG: In the "Salaries and Expenses" request, why is there an increase of $1,087,000 in budget authority but only $683,000 in obligations? Why the large funding increase when your full-time equivalents are decreasing by one?

ANSWER: There is a $404,000 difference between the increases in budget authority and obligations. This results from the need to use carryover funds to meet FY 1989 cost increases in mandatory administrative expenses, such as GSA office rental charges, and a full absorption of the January 1989 pay adjustment. Of the $1,087,000 increase in budget authority for FY 1990, $986,000 is for mandatory cost increases and program changes which do not fund FTEs; only $101,000 of the program changes support FTEs. FRA is requesting $218,000 for three new attorney FTE's which is partially offset by cost reductions of $117,000 for four lower grade positions elsewhere. Two of the attorney FTE's represent normalization of the four new attorney positions provided in FY 1989 (for which only 2 FTE's were provided in FY 1989).

SENATOR LAUTENBERG: Where did the funds for the $375,000 grant to the Texas Turnpike Authority come from? Are there any balances in this program?

ANSWER: Funding for the $375,000 grant to the Texas Turnpike Authority came from the Rail Passenger Service Act, Title X - Rail Passenger Corridors. A total of $4 million was appropriated for high speed rail studies in Fiscal Year 1981. FRA has provided funds for ten different studies. No funds remain in this program.

SENATOR LAUTENBERG: For the record, provide a comparison of your recurring programs in the FY 1989 appropriations and FY 1990 request adjusting for one time appropriations.

ANSWER: The following table compares the FY 1989 enacted appropriations, with the FY 1990 request:

FEDERAL RAILROAD ADMINISTRATION
(in thousands of dollars)

Recurring Programs	FY 1989 Enacted	FY 1990 Request
Office of the Administrator	$20,952 1/	$15,180
Railroad Safety	27,825	30,307
Railroad Research and Development	9,286	9,277
Subtotal	58,063	54,764

1/ Includes $7.8 million non-recurring Washington Union Station payments.

Non-recurring Programs	FY 1989 Enacted	FY 1990 Request
Conrail Commuter Transition Assistance	4,500	---
Freightline Rehabilitation	6,000	---
Regional Rail Reorganization Program	---	6,645
Grants to the National Railroad Passenger Corporation (Amtrak)	584,000	---
Northeast Corridor Improvement Program	19,600	---
Subtotal	614,100	6,645
Total	672,163	61,409

AMTRAK

SENATOR LAUTENBERG: Do you agree with Amtrak's cost savings in their legislative proposals for exemption from the Federal Employers' Liability Act (FELA) and treatment as a publicly funded rail carrier under the Railroad Unemployment Insurance Act?

ANSWER: In Mr. Claytor's testimony he indicated that savings of $16 to $20 million per year would be realized by switching from FELA to state workers' compensation programs. FRA agrees with this estimate.

Amtrak has proposed that it be treated as a publicly funded rail carrier under the Railroad Unemployment Insurance Act at a savings in excess of $15 million over the years 1989 and 1990. FRA agrees with Amtrak's estimate of savings.

SENATOR LAUTENBERG: What is the status of the FY 1989 $6 million in appropriated funds for the grant to the Soo Line for rehabilitation work to maintain passenger service?

ANSWER: On March 3, 1989, FRA received a grant application from the Soo Line providing information on the proposed scope of work. FRA is reviewing the application and will be working with the Soo Line to determine that the project complies with the requirements of the FY 1989 Appropriations Act, and to develop a grant agreement.

WASHINGTON UNION STATION

SENATOR LAUTENBERG: How are the retail shops in Union Station doing?

ANSWER: They are doing very well. Business began to boom immediately upon opening. Some of the merchants reported that their sales over the four-day grand opening weekend more than tripled their expectations and a few sold virtually all of their inventory. Since then, business has continued to be brisk for most merchants. Retailers depend upon a high volume of traffic, and Union Station is drawing large crowds. It is also encouraging that the traditional slump in retail sales during January and February appears to have passed Union Station by. Results so far promise that Union Station will be among the top specialty retail centers in the Nation in terms of sales per square foot.

SENATOR LAUTENBERG: When will the remaining commercial tenant spaces be occupied?

ANSWER: Most will be occupied by the end of May, but a few will string out into the summer. The most noticeable new tenants will be the remaining large restaurants in the Headhouse. America will open in May. Pizzeria Uno and a northern Italian restaurant as yet unnamed are expected to open this summer. We expect the station to be fully occupied before the first anniversary of the grand opening.

SENATOR LAUTENBERG: Has the developer earned enough to pay his rent?

ANSWER: The developer has told us that he will pay his rent in April. If the developer does not earn enough to pay the rent out of project revenues, the sublease to the developer gives the developer the opportunity to defer payment of the rent due on April 15, 1989. While final financial results are not yet in, all the information we have received so far indicates that the developer can and will pay the rent on time.

LOAN ASSET SALES

SENATOR LAUTENBERG: How much have you sold so far of your loan portfolio? How much do you expect to sell in FY 1989 and FY 1990?

ANSWER: During FY 1988, FRA concluded three repurchases (Illinois Central Gulf -- $84 million; Peoria and Pekin Union -- $1.54 million; and Oklahoma, Kansas, Texas Rail Users Association (MKT credit) -- $26.41 million) for a total of $111.95 million. During FY 1989, FRA has concluded one repurchase (Michigan Interstate -- $2.27 million) and has an agreement for one additional repurchase (Mid-States Port Authority -- $11 million) to be completed by May 15th. We expect to sell through repurchase by the borrower or third parties a total of at least $99 million (face value) in FY 1989. The level of sales in FY 1990 will depend on the actual level of FY 1989 sales.

REGIONAL RAIL REORGANIZATION PROGRAM

SENATOR LAUTENBERG: You are asking for a liquidation cash appropriation for the Regional Rail Reorganization Program. What is this for and are there any more outstanding loans for which the Department is liable?

ANSWER: On January 1, 1987, the functions of the United States Railway Association (USRA) were transferred to the Department of Transportation, with one outstanding note with the Federal Financing Bank (FFB) for an USRA loan made to Central Jersey Industries (CJI). FRA used its public debt authority to borrow $88.8 million from the Treasury and made payment to the FFB for the principle and interest on the original USRA note when it became due on September 30, 1987. In FY 1990, FRA is requesting about $101.6 million to liquidate $94.9 million in principle and capitalized interest and at least $6.6 million in accrued interest that will be due to the Treasury on September 30, 1989. We anticipate being able to make this payment on October 1, 1989, or as soon as the FY 1990 appropriation becomes available, in order to minimize the budget authority that is required. There are no more outstanding loans for which the Department is liable.

QUESTIONS SUBMITTED BY SENATOR HARKIN

LOCAL RAIL SERVICE ASSISTANCE

SENATOR HARKIN: If a $10 million supplemental appropriation was provided for Local Rail Service Assistance for FY 1989, do you believe that the FRA would receive sufficient quality applications to use those funds well under the program's discretionary authority provisions?

ANSWER: It is likely that states would request the full $10 million for projects meeting the LRSA discretionary criteria. In fact, Arkansas and Indiana have already submitted FY 1989 discretionary applications totaling $2,179,957.

SENATOR HARKIN: Do you believe that the FRA would receive sufficient project applications of good quality to fund a $25 million appropriation for FY 1990 for LRSA if that sum was made available?

ANSWER: The amount of non-earmarked discretionary funding which states have historically requested for projects meeting the LRSA discretionary criteria has averaged $22.3 million as follows:

FISCAL YEAR	AVAILABLE DISCRETIONARY FUNDS	TOTAL OF DISCRETIONARY APPLICATIONS RECEIVED
1983	$ 1,172,675	$30,913,331
1984	3,318,275	16,010,021
1985	10,450,000	27,973,751
1986	9,822,550	23,041,650
1987	3,298,042	13,376,828
TOTAL	**$28,061,542**	**$111,315,581**

REHABILITATION NEEDS

SENATOR HARKIN: What do you see as the level of need for major track rehabilitation on light density rail lines in the country?

ANSWER: The Department's recent report to Congress estimated the one-time cost to correct deferred maintenance and delayed capital improvements on Class II and Class III railroads at $600 million. About one-fourth of these rehabilitation needs have been identified as on local and regional railroads handling fewer than 40 carloads per mile. In fact, 85 percent of the traffic moving on small railroads is handled by carriers reporting no deferred maintenance, or which can fund what rehabilitation is needed. The letter from Secretary Skinner transmitting the report notes that the infrastructure needs that cannot be funded by the railroads themselves could be assisted by State and shipper programs.

RAIL BRANCH LINE SERVICE

SENATOR HARKIN: I see a pattern of underfunding of maintenance on branch lines, a pattern where lines are often allowed to fall to the lowest point where service can be maintained by running trains at under ten miles per hour in places. Service to shippers becomes poor. Costs rise. Shippers switch to trucks when they can. And, we see a downward spiral in profitability of a line. This downward spiral yields to increased highway costs, it means higher transportation costs for moving grain and similar commodities and lower prices to the farmer in Iowa and the small coal mine in West Virginia. It reduces the overall competitiveness of our system, especially in rural areas.

Do you see a similar pattern?

ANSWER: The downward spiral or pattern you describe was one that began many decades ago as our national high-speed highway system expanded and permitted trucks access to more and more markets served by rail. Highly regulated, the rail industry found it difficult to respond to an efficient trucking industry that was quick to initiate flexible service and could quickly implement rate changes. In such an environment, it was not surprising that shippers in great numbers opted for trucking as opposed to rail service, particularly where speed and reliable service were needed. Lacking the flexibility to respond to trucking initiatives, from both a rate and service standpoint due to regulation, the rail industry found itself lacking the income that would permit it to maintain its entire system and logically began devoting its shrinking resources to its more profitable lines, usually its main lines. The degree of regulation that existed in those times largely precluded the railroads from selling off marginally profitable lines. The consequence was the spiral that you alluded to, a spiral that eventually led to but one alternative -- abandonment. This alternative no longer permitted discussion of whether a shipper had a choice or whether rail or trucking rates were higher.

Since the Staggers Act, however, we have a different regulatory environment, one that permits the railroad industry not only greater rate and service flexibility, but one that also permits it to dispose of marginally profitable lines while they are still in reasonably good shape. We are largely past the period when railroads were selling off lines that were essentially post-bankruptcy transactions and the result of many, many years of deferred maintenance. Our recent study titled "Deferred Maintenance and Delayed Capital Improvements on Class II and Class III Railroads," submitted to the Congress on February 28, 1989, indicated that even such lines are in relatively good shape considering the nature of the commodities they move and the type of service that shippers desire. The rail industry does not serve shippers with monolithic service requirements. When a railroad cannot offer a shipper a rate and service that fits that shipper's needs and which pays the railroad an economic return sufficient to cover its operating and capital costs, that shipper is going to go elsewhere. And if enough shippers on a particular railroad were to do this it is obvious that that railroad is going to go out of business. That is true whether the railroad is a Class I, Class II or Class III.

Thanks to the Staggers Act, however, we have seen a marked revitalization of our national rail system with over $80 billion dollars invested in track and equipment, and with the ability to compete in a most intense way with the trucking industry. This is partly due to the fact that the rail industry has been undergoing a major restructuring since 1980. Rail abandonments have nosedived while the continuation of service on marginally profitable lines has been made possible by an easing of the procedure administered by the Interstate Commerce Commission governing line sales.

QUESTION SUBMITTED BY SENATOR D'AMATO

LOCAL RAIL SERVICE ASSISTANCE

SENATOR D'AMATO: The Local Rail Service Assistance Program expired at the end of FY 1988 despite Congressional efforts to reauthorize it for another year. This program is important to the continued existence of regional railroads in New York -- such as the Rochester and Southern Railroad -- as well as in other states.

Your budget does not include funds for LRSA, but indicates that a supplemental for $10 million will be submitted once the program has been reauthorized.

Will FRA support funding Local Rail Service Assistance once a reauthorization is in place?

ANSWER: As soon as legislation is enacted to reauthorize the Local Rail Service Assistance Program through FY 1989, a supplemental request for $10 million will be submitted to the Congress.

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

SPECIAL STUDIES

SENATOR GRASSLEY: Mr. Lindsey, on page 5 of your statement you refer to "special studies of the railroad industry's economic and financial condition, regulatory analyses, assessments of labor and management issues in employee safety, and updates of the waybill statistics and rail network models." Do you have more information you can provide on these studies such as the timetable and scope of study?

ANSWER: In the economic analysis area, we will be beginning a study of the rail grain transportation futures program started by the Burlington Northern Railroad to determine the effects this effort has had on service, particularly hopper car availability. We will also be starting to examine the impact of the new competitive access regulations put in place in Canada at the end of 1987; these provisions are similar to those that have been advocated by some shippers in the U.S. Both of these studies should be completed in early FY 1991.

In the labor area, in conjunction with the rail industry, we plan to begin development of a training program for Employee Assistance Program counselors, whose role in identifying and rehabilitating employees with substance abuse problems has grown significantly in the past few years.

The FY 1990 request for funding for the waybill statistics and the network model reflects the fact that the processing costs for the yearly Rail Waybill Sample, shared between FRA and the ICC, will rise under a new five-year contract. We also hope to be able to end our dependence on time-share services for the rail network model, and are currently evaluating the capability of various pieces of commercial software to accommodate this analytical tool.

USER FEES

SENATOR GRASSLEY: In your statement on page eight you refer to "legislation to authorize user fees to be assessed on the railroad industry for funding the costs of the federal safety program. The user fees would be phased in over three years, generating $9,000,000 in FY 1990, $15,000,000 in FY 1991, and $30,900,000 in FY 1992. Consistent with other federal transportation programs, the railroad user fees would assure that those who benefit from the safety program will share in its cost of operations." What will be the basis for assessing the user fee? (Percent of gross revenues, gas tax, flat fee or some other basis.)

ANSWER: We believe the fees can be assessed against railroads subject to the Safety Act on a fair basis that reflects relative usage of the railroad system, such as track miles, revenue ton-miles, passenger miles, revenues, and other relevant factors, or an appropriate combination.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. The subcommittee's next hearing is scheduled for Monday, March 6, in Trenton, NJ, assuming we can get there. And March 9 at 1 o'clock in the Dirksen Senate Office Building, room SD-124, the subcommittee is going to receive testimony on the 1990 budget proposal for the Urban Mass Transportation Administration and the Washington Metropolitan Area Transit Authority. So, until then, the subcommittee stands in adjournment.

We thank all of you for your participation today.

[Whereupon, at 3:10 p.m., Thursday, March 2, the subcommittee was recessed, to reconvene at 11:06 a.m., Monday, March 6.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, MARCH 9, 1989

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:15 p.m., in room SD-124, Dirksen Senate Office building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, Mikulski, Kasten, Domenici, and Grassley.

DEPARTMENT OF TRANSPORTATION

URBAN MASS TRANSPORTATION ADMINISTRATION

STATEMENT OF ALFRED A. DELLIBOVI, ADMINISTRATOR

ACCOMPANIED BY:

- MATTHEW M. WIRGAU, DEPUTY ADMINISTRATOR
- ROBERT H. McMANUS, ASSOCIATE ADMINISTRATOR FOR GRANTS MANAGEMENT

OPENING REMARKS

Senator LAUTENBERG. I call this subcommittee hearing on transportation to order. We are going to hear from UMTA today. We are going to hear from what is affectionately known as WMATA, the Washington Metro Area Transit Authority interest and their capital construction for UMTA.

Our principal witness today is Alfred DelliBovi, who I welcome. I understand that, although he is going not by train, he is going over to HUD in the not-too-distant future. We wish him well. He was very helpful to transit and to this subcommittee, and I hope that we will end on as harmonious a note as we began our association in our respective assignments.

The administration proposal, in my view, is unrealistic and reflects an incorrect view of what is meant by a balanced transportation network.

Now, given the new Secretary's background, we had hoped for more, frankly. Everyone knows Secretary Skinner had an active involvement with a transit system in the Chicago area, and given his pronouncement to study and develop a comprehensive balanced plan for transportation, it is beyond me how this administration can propose its reduction in transit funding.

Now, in order to effect the program changes required by this proposal, Congress would have to enact new authorizing legislation which has been rejected in the past.

The administration says that States and locals must do more. Well, I would like to point out for the record that States and locals have stepped in to run systems when private operators have been unable or refused to run less than profitable but necessary service.

It was the State and locals who recognized the importance of transit for its citizens for their very quality of life, and I would like to point out that since 1980 the Federal share of operating assistance to transit has declined from 17.3 percent of total transit revenues to 6.4 percent. And the State and local percentages of total transit revenues have increased in that time from 40 percent to over 51 percent.

Mr. DelliBovi, I do not think that anyone on this subcommittee is against State and local authorities doing more for themselves on transit, or against transit authorities reducing cost by further involvement of the private sector. But I do think that there is a greater appreciation for transit and what it can do for both large urban and small rural areas, a much greater appreciation than that which is reflected in this administration's budget.

We will have a chance to discuss that at some length. We welcome now our colleague from Iowa, Senator Grassley. I will see if he has an opening statement.

Senator GRASSLEY. Mr. Chairman, I do not have any opening statement. I will have some questions.

Senator LAUTENBERG. Thank you very much.

And, Mr. DelliBovi, what I would appreciate is the summary of your statement. We have the full statement, then, that will be included in the record.

STATEMENT OF MR. DELLIBOVI

Mr. DELLIBOVI. Mr. Chairman and Senator Grassley, I appreciate this opportunity to appear before you today to present the administration's fiscal year 1990 budget request, and I appreciate as well with your permission to include the full written statement into the record.

And what I would like to do now is just offer a few personal observations during this time that is allotted to me. I appreciate your kind thoughts. This well may be the last time I appear before you as the Administrator of the Urban Mass Transportation Administration, and I would like to take this opportunity to thank you and all of the members of the committee for your many courtesies, your support, and the constructive criticism and suggestions that you have offered to me during my tenure at the helm of the Urban Mass Transportation Administration.

Now, there has never been any disagreement on our desire to structure a transit program that is cost-effective, realistic, innovative, and creative. We have made that start, Mr. Chairman.

Last year I told this committee that the winds of change were blowing in the transit industry, and I believe the Federal transit program has been the primary motivation behind that change. Today, I believe that the program advanced by President Bush will carry the national transit program to new levels of cost-effectiveness while safeguarding the management improvements and the standards of productivity that are already in place.

This program nurtures the growing partnership between the public and the private sectors. The program encourages the creation of new opportunities for small, minority, and women-owned business enterprises.

The formal budget submission describes the elements of the requested program which will be financed by a $1.523 billion trust fund contribution and $42 million from the general revenue funds.

Although this is a substantial reduction from the 1989 budget authority of $3.2 billion, it is also a product of tradeoffs required by the Federal budget system and by some very practical consideration growing out of that system—to cope with the overall budget problems and meeting the requirements of the Gramm-Rudman-Hollings law.

I want to strongly emphasize that this request also reflects basic value judgments growing out of an evolution in the Federal-State-local government relationship. This is an evolution driven by changing transportation needs, by economic realities, and the state of the transit industry itself.

Much has been made recently of the increased state support for the mass transit, and I truly applaud the local decisionmakers who have committed themselves to transit. More than $3.6 billion for transit now comes from non-Federal sources compared with $3.2 billion coming from the Federal level.

With regard to capital subsidies, the Federal Government is not indifferent to the demand for new starts. The fact is, though, that the new start proposals already in the pipeline could consume available funding for the next quarter of a century.

This budget that we presented emphasizes the preservation and the improvement of existing systems. UMTA's programs are designed to help transit systems and communities adjust to the changing transit and economic environments, and I believe a very quick summary of our accomplishments in the last year will make that very clear.

Our $5 million Entrepreneurial Services Program has funded 51 projects designed to help self-sustaining private transportation services by small and minority firms to help them supplement regular transit operations.

An important side effect has been the creation of new job opportunities for inner city residents, a transit lifeline that is linking them with previously inaccessible jobs in the suburbs.

In Philadelphia, for example, they have saved about $500,000 in welfare costs during the first 6 months of the operation of a reverse commuter service, which is supported by riders, employers, and job training programs. A similar effort is underway here in Washington, DC, with plans for projects in six other metropolitan areas, including Chicago, Baltimore, Houston, Minneapolis, Camden, NJ, and Chester, PA.

In eight cities, St. Louis, Chicago, Cleveland, New Orleans, Washington, Jersey City, Boston, and Rochester, public housing tenant management organizations are developing transportation services owned and operated by the residents. One will serve Washington, DC's Kenilworth-Parkside public housing project, which was recently converted to tenant management.

Our suburban mobility initiative has also shown promise in responding to the worsening mobility problems of many communities. Last year 41 projects were funded, including a transportation management association in King of Prussia, PA, and transit patron parking in Virginia, Maryland, southeastern Pennsylvania, Camden, NJ, and Orlando, FL.

An UMTA grant to the township of North Brunswick, NJ, has helped implement a traffic reduction ordinance that was developed with the cooperation of private employers.

UMTA's joint development program encourages projects that go far beyond the conventional approach of air rights development. In a few cases, joint development projects were done with no UMTA financial support at all, which just shows the degree to which transit agency and developers can cooperate.

Finally, our alternative fuels initiative is helping transit systems meet the Environmental Protection Agency's 1991 clear air standards by testing vehicles which run on methanol, compressed natural gas, ethanol and liquefied petroleum gas, which some people refer to as propane. With the interest in applications already taken, this program would put more than 300 alternatively fueled vehicles into transit service in our Nation's cities, and that is particularly important in those cities that are experiencing pollution problems.

In today's UMTA, then, many internal management control measures have also resulted in the closeout of more than 2,000 grants during the fiscal year just past and the return to the program of more than $200 million.

The obligation rate is up sharply as well, with over $500 million in formula funds and nearly $600 million in discretionary funds already obligated this year.

Mr. Chairman, the administration's budget proposal not only reflects the economic and political changes to which I have referred. It also leads the Federal Transit Program into the future. The success of the transit industry and the success of the Federal Transit Program should be judged not by how many vehicles are on the streets of America, but by the level of mobility that is being provided to our people.

PREPARED STATEMENT

Mr. Chairman, that concludes my statement and, of course, I will be happy to answer your questions.

Let me say that joining me at the table here today, on my right is our Deputy Administrator, Matt Wirgau, and on my left, the Associate Administrator for Grants Management, Mr. Bob McManus.

Senator LAUTENBERG. Thank you very much, Mr. DelliBovi.

[The statement follows:]

STATEMENT OF ALFRED A. DELLIBOVI

Thank you, Mr. Chairman and distinguished members of the subcommittee. I am pleased to once again appear before you and report on the Federal transit program and the 1990 budget.

The fiscal year 1990 budget includes $1.56 billion to support a Formula Transit Grants program and payments to Washington Metro. As in previous years, this $1.56 billion proposal is an attempt to address the problems with the current structure of the mass transit program which has not assured the best expenditure of limited Federal funding. Using the Mass Transit Account to fund the Discretionary Grants program, especially the New Starts activity, has inequitably distributed available monies and funded many inefficient projects that will further drain the resources of both the Federal and local governments. In addition, continuation of operating assistance at high levels does not provide the incentives localities need to implement new planning, management, and operational improvements critical to improving the productivity of mass transit in this country. It should be noted that our 1990 proposal, while eliminating discretionary grants which go to a select few areas and eliminating operating assistance grants to large urban areas that need it least, does provide $425 million for formula capital grants to urban areas over and above that provided by Congress in 1989.

Secretary Skinner recently appeared before you to testify on the Bush Administration budget proposals for the Department of Transportation. I agree with the Secretary's statements on the need to rethink the current Federal role in financing mass transit and to encourage more local funding. The Federal deficit is an unfortunate reality, and the practical transit advocate realizes the need to do a better job with fewer Federal resources.

Planning within limited available resources becomes easier when support is sought from new sources. To meet our mobility needs as we look to the 1990's, the entire community must be fully involved in the planning process. We need the help not only of skilled public transit managers, but of state and local officials, developers, entrepreneurs, private providers, and citizens' groups.

The past year has seen some progress in our efforts to increase the flexibility of Federal transit assistance to better meet the mobility needs of American communities. But the transit industry continues to have difficulty in adapting the transit solutions of the 1960's to the changing mobility needs of the 1980's and 1990's.

Analysis of the most recently available data on transit performance shows considerable progress on holding industry operating costs in check, but also highlights a disturbing downward trend in the industry's overall cost effectiveness. It appears that in an atmosphere of reduced Federal funding of operating costs, local operators are beginning to respond to the need to control costs by holding compensation in check and increasing productivity. Declines in transit use, however, have caused a continued decline in net industry cost effectiveness.

To address this problem, the Urban Mass Transportation Administration is seeking to better address mobility needs by developing broader community participation in transit planning, policies and programs, and greater cooperation between the industry's public and private sectors. Over the past year, we have moved forward on several fronts.

The *Entrepreneurial Services Program* encourages the development of self-sustaining private transportation services by small and minority firms to supplement regular public transit operations. An important side effect has been the use of this program to help increase job opportunities for inner city residents.

A diminishing market share is a major problem facing the transit industry, and the reasons for this must be carefully examined. For instance, the movement of employers to the suburbs has been followed by traffic congestion in the suburbs because transit systems have been unable to adapt to that development. Clearly, the transit industry's ability to meet changing commuter trends must be carefully assessed before committing limited resources to mass transit. Otherwise, we will continue to find ourselves supporting costly transit systems which fail to serve their intended clienteles.

During the first full year the program was in operation, we funded 51 projects in localities totalling over $5 million. We estimate that those funds will put an additional 235 vehicles in transit service. These have helped to provide a transportation lifeline linking inner city residents with previously inaccessible jobs in the suburbs. In Philadelphia, for example, approximately $500,000 was saved in welfare costs during the first six months of operation of a new reverse commuter service between downtown Philadelphia and Montgomery County employers. The service is the result of the cooperative efforts of its riders, participating employers, and local job training programs. In addition, the service not only breaks even, it makes money.

Our *Suburban Mobility Initiative* has also shown considerable promise in responding to the worsening mobility problems in many American communities. The program is designed to spur the development of comprehensive, multi-modal policies and strategies to address both an area's immediate and future transportation problems. The types of strategies we are encouraging include employer-supported commuter programs and flexible work hours, improved parking policies, high occupancy vehicle lanes on main highways, contracting for services that are impractical for public operators to offer, and greater private participation in financing for transit and highways.

Last year we sponsored 20 seminars to provide congested communities a forum to begin to address their mobility problems. As a result of those seminars, 41 specific projects were funded. In King of Prussia, Pennsylvania, for example, we are cooperating in the formation of a transportation management association which will coordinate the community's transportation policies, increase the use of high occupancy vehicle lanes, and develop local strategies to better manage the demand for transportation.

UMTA is sponsoring a series of *Competitive Services Demonstrations* to show the benefits of competition for transit operations and maintenance. Three cities—Miami, Los Angeles, New Orleans—have competitively let bus service contracts on selected routes to private operators. While the demonstrations are still underway, preliminary cost savings range from 18 to 38 percent. Four additional communities—Cincinnati, Pittsburgh, Laurel, MD, Cobb County, GA—are scheduled to undertake similar demonstrations in the near future.

The Department recently announced an *Alternative Fuels Initiative* to address the serious and growing problem of air pollution. Over 100 metropolitan areas face potential sanctions for failing to meet EPA standards for ozone and carbon monoxide. In addition, 44 states have been directed by EPA to reduce vehicle-related pollution in suburban areas. Our initiative supports the field testing in several localities of alternative-powered transit vehicles, including standard and mini buses and vans. The fuels to be tested are methanol, compressed natural gas, ethanol, and liquefied petroleum gas (propane).

The national *Rural Transportation Assistance Program* is working to assure that the transportation priorities of all Americans receive equal consideration. This program, which is managed by the states, provides extensive training and technical assistance to rural operators.

Over the past year, we have developed a unique series of rural transportation training programs, established a national peer-to-peer network that taps previously unidentified expertise in rural transit systems, initiated a national resource center that provides a national hot line and materials to provide technical assistance, established a 15-member advisory board of state officials and rural operators, and undertaken an outreach program involving state programs, the American Association of State Highway and Transportation Officials, and American Public Works Association chapters.

Through a labor demonstration project in Phoenix, we are promoting a bridge between the transit industry's need for skilled workers and the training resources of *community colleges*. The transit industry has long been willing to hire unskilled workers and provide on-the-job training. With the assistance of community colleges, we hope to be better able to meet the need for upgraded job training prior to employment and, in the process, forge a productive new partnership between the industry and our nation's community colleges.

Our *Rail Car Cost Containment Program* directly addresses the problem of rail car costs that are high and headed out of sight. We have awarded four study grants to Philadelphia, Atlanta, Chicago, and New Jersey to analyze procurement processes and contractual requirements, such as liability, risk factors, warranties, and liquidated damages. The analysis will determine if there are modifications that can be made to lower the cost of rail cars and subcomponents, or at least contain the rate at which these costs are escalating.

In seeking to make the Federal transit program more flexible and responsive to the mobility needs of American communities, we have not overlooked the routine administration of the program or the requirements of the Urban Mass Transportation Act.

In *grants management*, we continue to use the new Grants Management Information System to manage grants more efficiently and less obtrusively. More that 2,000 grants were closed out last fiscal year and over $200 million returned to the program. Our streamlined grant disbursement program also continues to work well.

In the area of *civil rights*, I am pleased to report that the Urban Mass Transportation Administration and its grantees continue to exceed the requirements for disadvantaged business enterprise participation in the Federal transit program. During the last fiscal year, grant recipients awarded DBE's 21 percent of all contract awards and procurements. Much of this is attributed to a commitment by grant recipients to increase contracting with the private sector. Over the same period, the agency's direct procurement efforts included 15 percent DBE participation.

Thank you. I will be happy to respond to any questions that you might have.

BUDGET LEVEL

Senator LAUTENBERG. Last year Secretary Skinner testified—not as Secretary—that transit systems like Chicago, confronted with aging infrastructure, faced a capital funding shortfall. He concluded then that more Federal funds were needed to address this problem. How does that square now with UMTA's view today?

Mr. DELLIBOVI. Well, first of all, I think that Secretary Skinner clearly, as a member of the executive branch charged with all of the many responsibilities that the Secretary has and that you, Mr. Chairman, have as well in trying to allocate this, realizes the limits of Function 400.

I think maybe his perspective is a little bit different based upon where he sits, but given the budget deficit, it is simply impossible to continue to look to the Federal Government as a source of increased funding to deal with these issues.

I think that the message continues to be in the Department of Transportation that if you are going to maintain the levels of service for the operations of the Department, the Federal Aviation Administration, the Coast Guard, and other areas, something has to give, and it comes down to the general revenue funding that is available for mass transit programs.

Senator LAUTENBERG. I hate to see you don your budget hat here because they have enough people in that department and enough doomsayers there. The fact is that Secretary Skinner's view at the time was one that reflected, I think, the honest need of communities around the country today, especially in the area of capital funding, without being able to simply pass along the operating revenues sufficient to make up the deficit. So, we do see now a change and I would caution him and you also that the advocacy that I hope to see is not on behalf of the budget, but on behalf of the function.

I know that you share my view, because we have discussed this many times. Transportation problems—and this is, again, a statement made by yourself and, in the past, by the Secretary—will be among the major problems that face this country over the next decade.

Unless we get after this with enough help from various sources, we are just not going to meet this challenge. One day the whole country will be in gridlock. We are approaching that now, and the pollution of our environment will continue.

For 8 years now the Reagan administration has attempted to reduce Federal assistance for mass transit, both the capital and operating side. What do you think the Federal role ought to be in transit?

Mr. DELLIBOVI. It is my view that the Federal role should be the distribution of the penny that is collected for mass transit, and that is why we have advanced a formula program based on that. And to the extent that when all of the other priorities of the Government are met, a fair mechanism to allocate available funds within the Government's ability to pay for those projects should be developed. I cannot take my budget hat off because I am a taxpayer——

Senator LAUTENBERG. Well, we will have you before the budget committee in that role. [Laughter.]

Mr. DELLIBOVI. I think all of us cannot be compartmentalized when we are running deficits at the level that we are. In the immediate future I think the best possibility for the transit program is to distribute the penny, to do it equitably, and in a deficit neutral manner.

MASS TRANSIT ACCOUNT

Senator LAUTENBERG. Let me ask you this. Do you think the penny is a sufficient source for transit needs in this country? We raise about, what, a billion two?

Mr. DELLIBOVI. We proposed a program that would allow a $1.5 billion Federal level at a 50 percent local match. That would support a program of roughly $3 billion, and that is not too far off from where the transit industry is now. Will it buy them everything they want? No. Will it buy them just about everything they need? Yes.

Senator LAUTENBERG. Do you really believe that?

Mr. DELLIBOVI. I do.

Senator LAUTENBERG. Do you think that we are able to continue to build the transportation network big enough, efficient enough, environmentally effective with $3 billion a year? I mean, you have seen the infrastructure figures and now you have got to look at the rest of the package including highway funding because we are forcing more people out onto the highways. This is not realistic.

And if you were to say to me OK, look, $3 billion was where we were and where we are is about half that, then I have to ask you what is your commitment, seriously, to transit needs in this country. You come from an area that is virtually dependent on mass transit. I mean, if you look at the subway system in New York, the bus systems, they are essential to keep that city moving.

Mr. DELLIBOVI. I come from an area that is very dependent upon transportation, and there has been a local commitment. And I also come from an area where the transit authority threw out 80 million dollars' worth of buses one afternoon on a whim, where they have just let slip $100 million at the Long Island Railroad in State dollars because of mismanagement, a transit authority that tells me I have no business to ask what they are doing with the State and local money that has been appropriated.

There is a lot of mismanagement in my hometown at the New York Metropolitan Transit Authority, and frankly they could deliver all of the service and all of the improvements they have on the drawing boards with the available funds we have proposed if they could get control of their own management, but they cannot. That is their problem.

FAREBOX REVENUE

Senator **Lautenberg**. Well, we are not going to permit you to dissect the New York City transit operations. However, I have to ask you this. You know enough about transit systems so that I feel comfortable in asking you with your knowledge whether or not you think we can get the farebox to take care of most of the needs of transit revenues, including operation capital in systems that perhaps do not have the density of ridership or the density of population that a New York City has.

Mr. **DelliBovi**. I do not believe the farebox can support the capital and operations, but I do believe that we have to determine what is a fair fare, and I would commend to your attention and the committee's attention the State of Maryland's approach, which mandates that at least 50 percent of the cost of operations be covered by the farebox.

To me that is the sensible way to go. I am not saying necessarily that it should be 50 percent for everyone, although I would certainly endorse that. At least Maryland has a policy, and I would certainly hope that other localities would emulate that system.

Senator **Lautenberg**. So, then you would say that Amtrak does a superb job without about 65 percent of its revenues or 60-plus percent of its revenues?

Mr. **DelliBovi**. Amtrak I do not——

Senator **Lautenberg**. Objectively, you would say that we cannot ask them for more?

Mr. **DelliBovi**. I do not know anything about Amtrak's cost-effectiveness, but I do know about their station boardings. I have looked at that. And when I see stations where one or two people are getting on a week for service, I question the effectiveness, but I think you would have to ask the Federal Railroad Administration.

Senator **Lautenberg**. You will have a chance to talk with my colleagues from Iowa about such things. [Laughter.]

STATE AND LOCAL CONTRIBUTIONS

Are there other indications that State and local governments will pick up any of the decrease that you are proposing in Federal assistance?

Mr. **DelliBovi**. Yes; if you look at the statistics, 1986, which is the last year for which we have figures available, 52 percent of transit operating expenses were being picked up by State and local governments. That contrasts with 43 percent in 1980. So, the States and the localities have been responding. They have been picking up increasing shares, and that is part of the good news out of this message.

Senator **Lautenberg**. OK. So, then, what we are saying is we ought to penalize them for doing that good a job by making major reductions in transit assistance from the Federal Government?

Mr. **DelliBovi**. I say we should encourage them to do more.

Senator **Lautenberg**. Anything new or different to support the budgetary proposal that is essentially the same as last year's budget proposition?

Mr. **DelliBovi.** Well, the principal difference continues to be that the deficit is growing and that we have fewer dollars available at the Department.

Senator **Lautenberg.** I am sorry?

Mr. **DelliBovi.** The principal difference is that the deficit continues to confront us, and we have fewer dollars available at the Department of Transportation.

Senator **Lautenberg.** So, you are saying let us support the increase in the defense budget, because you are making a budget statement now. And as for transit, that is the way it goes. You are endorsing other programs that are in place at the expense of transit because if you use the budget umbrella as your indicator, you are essentially saying that transit, transportation comes down the line quite a ways. There are very few departments that are looking at the kinds of cuts that are being proposed here.

Mr. **DelliBovi.** I am making no statement about defense. I do not handle the defense budget, but my boss, the person who appointed me, the President, makes that statement, and I work for him. I work for the President.

BUDGETARY CONSTRAINTS

Senator **Lautenberg.** So, you have no personal conviction, then, about transit. What you are doing is you are making sure that we have toed the budget mark. You do not really feel strongly about transit?

Mr. **DelliBovi.** I feel very strongly about transit, but I also feel strongly that my job is to work within the resources that I have available, the resources that are given to me, just as you as chairman of the subcommittee have to work with what you get from the full committee.

Senator **Lautenberg.** But you add narrative to that, and you say that, based on the budgetary constraints, the rest of it should fit into place. You do not say that by God, we need more money for transit, that we have to do whatever we can to reduce the congestion, reduce the pollution, reduce the time loss. You do not say that.

The budget is the place where we make our mark, and the rest of it has to fit under that umbrella. And as a consequence of that, Mr. DelliBovi, what I get from you is that you are endorsing the prioritization of resources in this country because, again, if you are not going to talk about the budget, then it would be an easier discussion.

But if you are going to talk about the budget, then I want to talk about this Government's commitment to transportation. I agree with you, and we indicated in the testimony, that States and locals have to do more. New Jersey is doing that and other States, on balance, are doing that.

But at the same time, what we are seeing is the other end of the seesaw, where the Federal Government is walking away from its responsibility instead of saying, "Listen, we will give you more. You get your act cleaned up. Catch up with the infrastructure problems that we have. Help us meet the clean air standards, and a few other things." I had hoped that I would get more encourage-ment from you on this, but we are obviously not settled in by a long shot on the proposal for the functions.

I am going to call upon my colleague, Senator Grassley. We are trying to adhere to the 10-minute rule.

Senator GRASSLEY. Well, since you do not have the lights and I will probably have questions for more than 10 minutes, just cut me off.

Senator LAUTENBERG. We will let you know and come back again.

FORMULA AND DISCRETIONARY FUNDS

Senator GRASSLEY. And what I will do, Mr. Chairman, is I will submit the rest of my questions for answer in writing.

First of all, welcome. Second, congratulations on your new position you are going to be assuming. And I want to say thank you over the last few years for working with my office in helping me with the various transportation needs that we have had for my State of Iowa.

And I know in regard to that that you and I have not always agreed on how to proceed on some of those, solving those problems, but I always thought that when all was said and done that the compromises that we worked out were very workable, and I want to thank you for that, one of those compromises, as you will recall.

And so then my first question will deal with the subject of drawdown with the use of that procedure by our local transit services through our Iowa DOT, all section 9 funds are pooled in my State and can be drawn down as needed by each of the communities.

If one community has a special need in one year for a new building or a capital improvement, they can borrow from the pool and then, you know, they replace the funds in future years from their allocations by pooling these funds.

I understand that your agency and these local communities can better manage their funds by doing this, Iowa programs have now been able to get some of the section 3 funds that in the past they were not able to because the State showed a balance in its section 9 funds.

My question is whether you feel this program is working well, and do you see Iowa being able to continue to get more section 3 funds by cooperating in this way with your Department.

Mr. DELLIBOVI. Iowa has done a superb job in pooling these funds. It is a concept that was launched in a meeting in your office, Senator, as you will recall. They have done it very well, and we plan to continue our practice of awarding discretionary funds to areas that have already used up their formula funds.

It is wise management, and we have had an enjoyable relationship with Iowa and they have done very well with discretionary funds, I might say, in the last year. They used not only their formula funds, but they were awarded $4,701,951 in discretionary funds for 28 buses and five garage expansions in the State of Iowa.

Senator GRASSLEY. Are other States that would have been shut out of section 3 funding now doing this, using this approach?

Mr. DELLIBOVI. Yes, indeed, Senator. And I want to particularly note in addition to Iowa, the States of Michigan, South Carolina, and Maine have joined in this effort to use their formula funds statewide, make them available where the need is, and then apply in a consolidated fashion for discretionary funds. And each of those States have also been awarded discretionary funds, but not as much as Iowa. Iowa is still a leader.

OPERATING ASSISTANCE TO CITIES OVER 200,000

Senator GRASSLEY. Now, let me refer to an area where there is probably some disagreement with the way you and the administration are proceeding and the way I think you ought to proceed, and that is the proposal discontinuing operating assistance to urban areas with populations of over 200,000. Some affected areas are just over the 200,000 population cutoff and desperately need operating assistance to continue providing service.

Most of the systems just over that figure of 200,000 cutoff rely on operating assistance to the tune of about 30—well, not 30—20 to 30 percent of their total transit budget, and that is similar to small urban areas.

So, my question is whether it is not more realistic to cut operating assistance to what are indisputably large urban areas, and let me just draw out of the clear blue sky 1 million population, whose operating assistance funding accounts for only 8 to 9 percent of their total budget. You see what I am getting at here is our operating cost, 20 to 30 percent, and you are cutting them out where maybe you could go a little further up the population ladder.

Mr. DELLIBOVI. Well, it is true that on average and again in 1986, which is the last year we have figures available, areas over 1 million had 5.8 percent of their budget come from the Federal Operating Assistance Program, while in the smallest areas it was 21 percent and in the midrange it was 18 percent.

And certainly we would be willing to administer the committee's wishes as the appropriations are made. I think you will find that the fares tend to be a little bit lower in some of the smaller areas, and the service less frequently used.

We have been mindful in our legislative proposals of the fact that in the larger areas, it is a smaller percentage of their budget, but it is a big number, and certainly that entire area is going to be the substance of the dialog that begins here today between us and obviously with you and the other side of the Capitol.

MASS TRANSIT ACCOUNT

Senator GRASSLEY. I want to now refer to a statement that you made that I read in the Des Moines Register editorial just last month. You stated the national average annual funding for mass transit during the last administration has been $510.4 million greater—through 1987—than it was in the 4 years previous.

However, the mass transit account was established during the last administration by dedicating one penny of the gas tax to transit, over $1 billion annually is appropriated from this account.

However, the income level of the transit account is in the neighborhood of $1.7 billion. Why has the administration proposed spending only $1.1 billion from the transit account? Why not spend down to the annual income levels? I mean, the whole—I guess the whole basis or philosophy for trust accounts——

Mr. **DelliBovi**. The basic reason for not spending down the entire trust fund was that the revenue to the trust fund is dependent upon gasoline sales primarily. It was a new trust fund, and we needed to predict and have a cushion until we had enough experience.

I think that you will see this year we are recommending a $1.5 billion budget, which would use more of the trust fund. It still clearly leaves a cushion in the trust fund. But in the event that gas sales were to go down, that cushion would come in handy.

Senator **Grassley**. Since the MTA was established, formula transit funding from the general fund has decreased steadily. Is it not true that the transit systems which are not successful in obtaining discretionary grants and of course are funded from the MTA, they have experienced a significant decrease in funding due to the reduction in formula funding? Or am I wrong on that?

Mr. **DelliBovi**. We have met the basic bus needs of this country with the formula program. The rail needs in the existing systems, the so-called rail modernization cities, have been met with a formula program. They have been supplemented, however, with the discretionary funds.

I would say on balance the formula program is working where there are usual needs, such as the ones we had in Iowa. We have used the discretionary funds to supplement the formula program, and they were able to absorb that $4.7 million last year from the discretionary account.

We find that the formula program is working very well to meet the basic mass transit needs of this country. Obviously when we have the discretionary funds available, we have been able to supplement those basic needs. But the formula program has been close to adequate.

Senator **Grassley**. Mr. Chairman, I will submit the rest of my questions in writing.

Senator **Lautenberg**. Thank you very much. We do have a couple of minutes additional if you want it. Otherwise, we appreciate it.

Senator Kasten.

UMTA BUDGET LEVEL

Senator **Kasten**. Mr. Chairman, thank you very much.

First of all, I would like to compliment Mr. DelliBovi. You have done a terrific job, and I understand you are going to go over to HUD and go to work with Jack, and so we look forward to working with you and have worked with you successfully, and I think it is also fair to say that at least on this subcommittee, Mr. Chairman, we have been supportive, more supportive of funding for UMTA and other of these groups than have been in most of the budgets that have been proposed to us.

I also think that both here and in the budget committee that we are going to be seeing to increased funds over the request and at least hold harmless the levels that we have had. But your gang has done a good job. I know you have had a good team of people to work with, and you have also done a terrific job and I compliment you for that.

Mr. DELLIBOVI. Thank you very much.

MILWAUKEE COLD SPRING FACILITY

Senator KASTEN. I, Mr. Chairman, have just one very brief question having to do with Wisconsin, and I would preface it by saying that my constituents in southeastern Wisconsin in the Milwaukee area are very pleased that we have been able to make a number of important steps forward using operating assistance funds.

We are also concerned in Wisconsin that the operating assistance fund be maintained and they be maintained at least at this year's level, despite the budget proposal. And, as I said before, we are going to be working to do that.

I would like to touch on one particular issue which, Al, you have been working on and Mr. Wirgau has been working on in terms of the disposition of Milwaukee's old Cold Spring transit facility. We have, as you know, with UMTA's help, we have a new administration facility, and an operating facility. We also have the old facility. However, this old Cold Spring transit facility has become a problem, it costs $350,000 for maintenance and security per year, and it seems that the demolition of this building and/or the sale of the property is the wisest use of the property.

I know that your office and also the Chicago office have been working back and forth on this. I would just encourage you to proceed with dispatch to allow this property to be disposed of.

We estimate it could bring in between $750,000 and $1 million, of which UMTA would get 80 percent. So it seems to me it is a win-win kind of a situation. Do you think this can be resolved soon, and do you have any comments at this time? And if you do not, I would be pleased if you would get back to me after the hearing, either in person or by letter.

Mr. DELLIBOVI. I think Matt can answer that question. He has been attentive to Milwaukee since his visit out there with you earlier last year.

Mr. WIRGAU. Senator, we have been working closely with Mr. Schwerm and the transit agency trying to find a way that we could accommodate the desire to take care of the demolition of the building.

There are some issues there involving health and safety and some local controversy that we are trying to work through. I am hopeful that we will have a final report from the region to see how we can work out appropriate negotiations.

The only stumbling block we may have is some guidelines in the law as to how the mass transit funds can be used. We are trying to work through those to see if there is a way that we could bring this to a positive resolution. Hopefully we can have an answer to you in the next couple of weeks.

Senator KASTEN. In the next couple of weeks? Well, I thank you very much, and I know that we are all working toward the same goal.

And, as I said, Mr. Chairman, this would be a net gain. It could bring, we think, between $750,000 and maybe $1 million and

UMTA would get 80 percent of that money. So, we are hopeful that they will move forward, and we look forward to hearing from you in the next few weeks. And, Mr. chairman, I thank you very much.

Senator LAUTENBERG. Thank you very much, Senator Kasten.

We are pleased to be joined here by Senator Domenici. Senator, we invite you to submit an opening statement or make it or ask questions as you please.

ALTERNATIVE FUELS INITIATIVE

Senator DOMENICI. I thank you, Mr. Chairman, and I apologize to you for not being here sooner. I will not take a lot of time, and I may submit a few questions after this first one. Mr. Chairman, I think the message that is coming through, as far as this subcommittee is concerned, is that the major administration proposals, some of which have been advanced in the past, do not seem to be acceptable at this point. As I see it, however, we have a long way to go before the budget parameters are permanently set for fiscal year 1990. For the moment, I would like to focus a couple of questions on some of the Department's initiatives.

First, under DOT's recently announced alternative fuels initiative, UMTA will be field testing alternative powered transit vehicles. Can you describe this program, and how much UMTA and DOT expect to spend on this initiative, if anything, in fiscal year 1990?

Mr. DELLIBOVI. The initiative was announced in September 1988. The initiative basically invited applications from transit properties that were interested in participating in demonstrations of alternative fueled vehicles. This is, by the way, an outgrowth of language that this committee, the chairman, and Senator D'Amato inserted last year, and an initiative that we welcomed.

To date, we have interest from a large number of cities. I believe we anticipate that we will award funds for about 300 buses.

We have been funding this program out of the bus account, and I believe we will have enough money in that account for all qualified applications that we have seen, and the issue is not going to be the amount of funds available.

Our problem, however, is becoming apparent, and that is that the powerplants, the engines that burn these alternative fuels are not as readily available as they might be. So that there are not enough engines for the buses, and that is the problem we are focusing on now.

Senator DOMENICI. I guess what I would like to know more specifically, and you can provide it for the record, is how much you estimate this initiative to cost?

In responding to the question of how much money DOT is going to spend, you seem to indicate that there are already appropriated funds that you are going to spend. What I would like to know is how much in uncommitted balances do you have for the program, how much are you going to obligate this year, and how much do you expect to obligate next year, if any.

Could you do that for us?

Mr. **DelliBovi.** We will have to answer that for the record, but let me reiterate, there is more than an adequate balance in that account for the applications we are receiving.

And we have, therefore, invited the transit industry to submit as many applications as they could technically handle.

[The information follows:]

We have reserved $35.1 million out of the Section 3 bus category for the Alternative Fuel Initiative. To date, there are some 32 proposals being developed which would involve approximately 400 vehicles. Our regional offices are processing four applications at this time which total $12.82 million.

Our current efforts are focused on FY 1989, and we have not established outyear goals for this initiative in light of our FY 1990 budget proposal.

CAPITAL GRANT PROGRAM

Senator **Domenici.** I have only one other question. Are you in charge of administering the urban mass transit capital grant program?

Mr. **DelliBovi.** Yes, I am.

Senator **Domenici.** Would it be fair to assume that you have submitted for the record the current list of major cities that have applications pending, how much they are, and how much the Federal Government's commitment would be to fully fund those systems? Have you done that yet?

Mr. **DelliBovi.** We have not been asked to submit a list of the obligations, but I will take this a request, and we will certainly submit a list of all of the pending applications for your consideration.

Senator **Domenici.** How many cities use the Urban Mass Transit Grant Program?

Mr. **DelliBovi.** There are over 400 cities that are participants or eligible for the program. It varies from year to year which cities will participate. But it is basically 400 cities.

Senator **Domenici.** How about the Construction Grant Program? Is that different?

Mr. **DelliBovi.** No; 400 is the basic universe of cities where there are transit systems. A bus garage or any transit facility tends to have a useful life of 30 or 40 years. So, a city might apply 1 year for construction and not do so again for 10 or 20 years.

NEW STARTS

Senator **Domenici.** What program is it that the Secretary of Transportation testified that the principal participants are essentially 14 cities in the United States?

Mr. **DelliBovi.** Yes; the Discretionary New Starts Program is used for the construction of new heavy rail and light rail systems.

Senator **Domenici.** Why do you not, with the chairman's permission, strike my previous question which is too detailed for you to answer, and answer the question with reference to this program.

Mr. **DelliBovi.** OK. We will provide you with information on the New Start Program.

[The information follows:]

URBAN MASS TRANSPORTATION ADMINISTRATION
NEW STARTS PIPELINE
ESTIMATED SECTION 3 FUNDING DEMAND ($ IN MILLIONS)

STAGE	PROJECT	CE INDEX	TOTAL COST (FEDERAL & LOCAL)	TOTAL SEC 3	OTHER FEDERAL	STATE/ LOCAL SHARE	SEC 3 OBS TO DATE 9-30-88	COSTS TO COMPLETE (SEC 3)	FY 1989 & PRIOR YEAR UNOBLIGATED EARMARKS	EST COMPLETION DATE (THIS PHASE)
UNDER CONSTRUCTION	1 ATLANTA-EAST EXT *	$5.00	$192	$135	$0	$57	$105	$29	$28.86	1993
	2 ATLANTA-NORTHEAST *	$5.95	$126	$84	$14	$28	$40	$44	$40.80	1992
	3 CHICAGO-SOUTHWEST *	NA	$410	$0	$349	$61	$0	$0		1993
	4 HOUSTON-NORTHWEST*		$105	$40	$27	$38	$40	$0		9/89
	5 HOUSTON-SOUTHWEST *	$4.73	$102	$62	$0	$40	$62	$0		1992
	6 JACKSONVILLE-ASE(0.7)*	NA	$32	$17	$7	$8	$17	$0	$1.80	5/89
	7 LOS ANGELES - MOS-1 *	$6.45	$1,250	$605	$91	$554	$605	$0		1993
	8 SAN DIEGO-EAST URBAN *	$2.84	$105	$20	$43	$42	$20	$0		7/89
	9 SANTA CLARA-GUADELUPE*	NA	$510	$206	$52	$252	$206	$0		1991
	10 SEATTLE-TUNNEL *	$1.44	$394	$197	$0	$197	$180	$17	$17.91	9/90
	SUBTOTAL		$3,226	$1,366	$583	$1,277	$1,275	$91	$89.36	
FINAL DESIGN	1 BALTIMORE-HOPKINS *	$13.71	$326	$0	$276	$50	$0	$0		1990
	2 HOUSTON-NORTH BUSWAY*	$4.94	$78	$47	$0	$31	$47	$0		1989
	3 ST. LOUIS *	$8.95	$384	$288	$2	$94	$152	$136		11/89
	4 WASHINGTON-LAST 14 MI*	NA	$2,700	$2,160	$0	$540	$0	$2,160		1990-1994
	SUBTOTAL		$3,488	$2,495	$278	$715	$199	$2,296	$0	
PRELIMINARY ENGINEERING	1 JACKSONVILLE EXT (1.8)	NA	$133	$100	$0	$33	$0	$100	$10.95	1990
	2 LOS ANGELES-MOS-2	NA	$2,195	$667	$0	$1,528	$0	$667	$188.76	2/89
	3 MIAMI DPM EXTENSIONS	$15.20	$248	$186	$0	$62	$0	$186	$151.46	COMPLETE
	4 PORTLAND-WESTSIDE *	NA	$400	$300	$0	$100	$0	$300		5/90
	SUBTOTAL		$2,976	$1,253	$0	$1,723	$0	$1,253	$351.17	
ALTERNATIVES ANALYSIS	1 ATLANTA-NORTH	$8.50	$350	$263	$0	$88	$0	$263		7/89
	2 AUSTIN-NORTH CENTRAL	$21.00	$300	$225	$0	$75	$0	$225		9/89
	3 BOSTON-ORANGE REPL.	$26.30	$55	$40	$0	$15	$0	$40		6/89
	4 BUFFALO-AMHERST	NA	$400	$300	$0	$100	$0	$300		1991
	5 CLEVELAND-DUAL HUB	NA	$550	$275	$0	$275	$0	$275		5/89
	6 DALLAS-OAK CLIFF	$8.00	$325	$244	$0	$81	$0	$244		1990
	7 DENVER-NORTH I-25 *	$3.00	$200	$70	$64	$66	$0	$70	$36.50	COMPLETE
	8 HONOLULU	NA	$1,300	$650	$0	$650	$5	$645		1990
	9 HOUSTON-LOOP	$3.64	$1,000	$540	$0	$460	$0	$540	$49.75	8/89
	10 MINNEAPOLIS-UNIVERSITY	NA	$250	$188	$0	$63	$0	$188		1990
	11 NEW JERSEY-WATERFRONT	$6.17	$950	$713	$0	$237	$20	$693		1990
	12 NEW YORK-QUEENS	$0.87	$250	$125	$0	$125	$0	$125		1990
	13 ORANGE COUNTY, CA	NA	$100	$75	$0	$25	$0	$75		1990
	14 PITTSBURGH-SPINE LINE	$8.00	$500	$375	$0	$125	$0	$375		1990
	15 SAN JOSE-FREMONT	$10.00	$1,400	$1,050	$0	$350	$0	$1,050		1990
	16 SAN FRANCISCO-COLMA	$5.03	$101	$75	$0	$26	$0	$75		3/89
	17 SALT LAKE CITY (I-15)	$6.00	$200	$100	$0	$100	$0	$100	$8.56	6/89
	SUBTOTAL		$8,231	$5,307	$64	$2,860	$25	$5,282	$94.81	
	SUBTOTAL: UC,FD,PE,AA		$17,920	$10,420	$925	$6,575	$1,499	$8,921	$535	
	31 CITIES IN SYSTEM PLANNING		$25,498	$19,124	$0	$6,375	$0	$19,124		
	TOTAL		$43,418	$29,544	$925	$12,949	$1,499	$28,045	$535.34	

* PMO Contractor assigned to project.

Mr. **DelliBovi**. There are 12 cities participating actively in that program.

There are an additional 21 who are about to or would like to get into that program and then finally there are another 31.

There is a total group of 64 who would like to participate in the program and together they would grab the funding available for the next 25 years.

Senator **Domenici**. What is the matching requirement in that program?

Mr. **DelliBovi**. Seventy-five percent Federal, twenty-five percent local, except in Washington, DC, which is 80 percent Federal and 20 percent local.

Senator **Domenici**. How much has been obligated in that program at this point, do you recall?

Mr. **DelliBovi**. I would have to answer that for the record, Senator.

[The information follows:]

The following table shows the amounts obligated as well as unobligated balances for the New Starts Program:

* URBAN DISCRETIONARY PROGRAM
NEW SYSTEMS CATEGORY
FY 84 - 89
* USE OF EARMARK *

DATE: 2-21-89

UZA	FY 84 EARMARK	FY 84 OBLIGATED	FY 84 CARRYOVER BALANCE	FY 85 EARMARK	FY 85 OBLIGATED	FY 85 CARRYOVER BALANCE	FY 86 EARMARK	FY 86 OBLIGATED	FY 86 CARRYOVER BALANCE	FY 87 EARMARK	FY 87 OBLIGATED	FY 87 CARRYOVER BALANCE	FY 88 EARMARK	FY 88 OBLIGATED	FY 88 CARRYOVER BALANCE	FY 89 EARMARK	FY 89 OBLIGATED	FY 89 CARRYOVER BALANCE	FY 84 - 89 CARRYOVER BY UZA
ATLANTA	91,250,000	91,250,000	0	95,000,000	95,000,000	0	65,702,835	65,702,835	0	90,624,600	90,624,599	1	105,470,000	105,469,998	2	69,650,000	0	69,650,000	69,650,003
BUFFALO	2,000,000	2,000,001	-1	2,700,000	2,699,997	3	808,935	0	808,935	0	0	0	0	0	0	0	0	0	808,937
HOUSTON	5,500,000	5,500,000	0	35,000,000	35,000,000	0	52,134,020	52,134,020	0	46,765,000	46,765,000	0	0	0	0	49,750,000	0	49,750,000	49,750,000
LOS ANGELES	117,200,000	117,199,999	1	117,200,000	117,200,000	0	96,173,715	96,173,715	0	107,380,400	107,380,398	2	139,797,500	96,271,485	43,526,015	147,260,000	0	147,260,000	190,786,018
MIAMI	35,000,000	12,500,000	22,500,000	49,000,000	0	49,000,000	36,184,170	0	36,184,170	11,940,000	0	11,940,000	17,412,500	0	17,412,500	14,427,500	0	14,427,500	151,464,170
PORTLAND	44,250,000	44,250,000	0	19,000,000	19,000,000	0	8,522,175	8,522,175	0	1,293,500	1,293,500	0	0	0	0	5,472,500	0	5,472,500	5,472,500
SAN DIEGO	8,300,000	8,300,000	0	3,800,000	3,800,000	0	8,855,500	8,855,500	0	0	0	0	0	0	0	0	0	0	0
SAN JOSE	30,000,000	30,000,000	0	64,800,000	64,800,000	0	61,893,975	61,893,975	0	18,357,750	18,357,750	0	0	0	0	0	0	0	0
SEATTLE	0	0	0	20,000,000	19,999,998	2	23,472,050	23,590,050	-118,000	67,530,650	67,412,649	118,001	67,162,500	67,162,500	0	17,910,000	0	17,910,000	17,910,003
ST. LOUIS	2,000,000	2,000,000	0	10,000,000	10,000,000	0	12,855,400	12,855,400	0	12,765,850	12,765,850	0	54,177,750	54,177,750	0	59,700,000	59,700,000	0	0
DENVER	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	6,517,250	0	6,517,250	14,129,000	0	14,129,000	15,920,000	0	15,920,000	36,566,250
SLC, UT	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	3,582,000	0	3,582,000	4,975,000	0	4,975,000	8,557,000
DETROIT	45,000,000	45,000,000	0	5,000,000	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JACKSONVILLE	15,500,000	15,500,000	0	1,000,000	1,000,000	0	0	0	0	0	0	0	3,980,000	0	3,980,000	6,965,000	0	6,965,000	10,945,000
BALTIMORE	3,500,000	3,424,400	75,600	0	0	0	0	0	0	0	0	0	0	0	0	5,970,000	0	5,970,000	6,045,600
NEWARK	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	////////////	1,990,000	0	1,990,000	1,990,000
TOTALS	399,500,000	376,924,400	22,575,600	422,500,000	373,499,995	49,000,005	366,602,775	329,727,670	36,875,105	363,175,000	344,599,746	18,575,254	405,711,250	323,081,733	82,629,517	399,990,000	59,700,000	340,290,000	549,945,481

LOCAL SHARE

Senator **Domenici**. Have you had time to do an analysis of what might happen under the Secretary of Transportation's suggestion that the matching requirement ought to be changed with the local community putting forward more than the current 25 percent? What effect might that have, if any?

Mr. **DelliBovi**. I believe that the local community should pay significantly more. I am very encouraged by the fact that in the State of Maryland there is a commitment. The State of Maryland has determined that a 15-percent Federal match would be appropriate. You may have read of the light rail plans that Governor Schaefer announced. I commend that effort.

In Minneapolis, we have proposals that would require a 25-percent Federal match. There are other parts of the country that are approaching 50 percent.

I would say this—50 percent or less would be very satisfying to me. I believe it would eliminate the frivolous projects, the projects being proposed not because there is any transit need, but simply because there is a transit program, and you can get these funny dollars—$0.80 or $0.75 on the dollar—from Washington.

To many people, some of those projects are generated by the mere fact that we are open for business.

Senator **Domenici**. Thank you very much, Mr. Chairman.

MASS TRANSIT ACCOUNT

Senator **Lautenberg**. Thank you very much, Senator Domenici.

Mr. DelliBovi, I wanted to ask you, because we spent some time before on the budget, on the revenue side, and I do not know that we got a firm understanding of what was in the transit trust fund. I think that for the record, it is important to say it again.

There are balances available in there. The cash balance of the trust fund, at the end of fiscal year 1988—what was that, and how much was committed because of the appropriations action?

Mr. **DelliBovi**. We will provide for the record a table which indicates the status of the trust fund revenues from 1983 through 1988.

[The information follows:]

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT

($ in thousands)

	FY 1983 ACTUAL	FY 1984 ACTUAL	FY 1985 ACTUAL	FY 1986 ACTUAL	FY 1987 ACTUAL	FY 1988 ACTUAL
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year.......	0	519,059	1,611,049	2,524,016	3,286,877	4,202,056
Cash income during year,						
Government receipts:						
Motor fuel taxes..........	519,644	1,236,045	1,213,740	1,112,654	1,238,858	1,277,430
Interest on investments...	2,547	89,141	206,226	282,769	343,855	383,750
Total annual income...	522,191	1,325,186	1,419,966	1,395,423	1,582,713	1,661,180
Less: Outlays:						
Discretionary Grants a/..	(3,132)	(233,196)	(506,999)	(632,563)	(667,534)	(695,675)
Subtotal..............	(3,132)	(233,196)	(506,999)	(632,563)	(667,534)	(695,675)
Unexpended balance brought forward end of year.........	519,059	1,611,049	2,524,016	3,286,877	4,202,056	5,167,560

a/ Includes Sections 3, 9A, 9B, 8, 16(b)(2), 3(a)(1)(c), and 4(i).

Mr. DelliBovi. The table shows that there is basically $5.2 billion in unexpended balances at the end of fiscal year 1988. Of that $5.2 billion, $2.7 billion is funds that UMTA has obligated, but which have not been liquidated.

Senator Lautenberg. Does that suggest that $3 billion in there is unencumbered?

Mr. DelliBovi. $2.5 billion is unencumbered.

Senator Lautenberg. We talked earlier about the revenue source as the principal revenue source of funding for transit, and we agreed that the pending raise—whatever, $1,200,000,000—if you had your choice to make, wearing your purist transit hat, would you say it would be a good idea to have an increase in that, to really catch up with some of the unmet needs of the transit system?

Or do you think that the pace at which we are moving gets us where we ultimately want to be, and that is some reasonable catch-up? Again, the traffic requirements, environmental requirements, and so forth——

Mr. DelliBovi. Well, Senator, as you can imagine, among my skills is the ability to read lips.

So I would not endorse any tax increase. However, I would certainly suggest that with the completion of the interstate highway system, we have an opportunity—and I think that the Secretary, in calling for the development of a national transportation plan opened the dialog for discussion—we have an opportunity to look at the entire transportation trust fund that is collected.

I have always believed very strongly that cities should be able to opt for which mode of transportation they desire, and then coordinate their policies effectively.

The mass transit account has one penny of the gas tax dedicated to it now. I would not support an increase in the gas tax. The President has made it clear that he is not supporting any tax increases.

I think when it comes time to reexamine the existing user fees in the light of the completion of the interstate, we might look at some of those pennies that were designed to build the new highway system, and see what we might do with those funds in terms of the overall infrastructure needs of the transportation network in our urban areas, particularly the urban areas.

TRANSIT FUNDING NEEDS

Senator Lautenberg. I do not want to place you in the position of being the tax advocate for the administration. We will find some of those along the way, but if you could take it from other sources, do you think that we need more than we have got to catch up with the overall requirements?

Mr. DelliBovi. There is no doubt that there are needs out there. The Gannett Fleming study that was done at the request of the Congress with regard to rail modernization clearly demonstrated that there are additional needs out there.

They have also demonstrated that you do not have to meet all of those needs. There are ridership levels and utilization levels. I am not saying to you, Senator, that spending any more than we have proposed is unnecessary spending. I have said that it is spending that I do not believe we could afford.

As the Urban Mass Transit Administrator, it is money that I have not been given to spend, or to propose a spending plan for the next fiscal year. You and your committee, and the committee on the other side gave us more funds than we asked for at this time last year, and I will tell you we are spending those funds wisely. We are not wasting 1 cent of them.

NEWARK RAILWAY AND HUDSON WATERFRONT PROJECTS

Senator LAUTENBERG. I'm hearing you make only a partial commitment to the improvement of our system. It is disturbing to me that we cannot at least get an understanding of what is needed out there, and then try to get on with what resources are available or desirable.

I wanted to say something to Senator Domenici, who asks very good questions, as always, about alternative fuels. There is some hope out there for improvement in energy efficiency within engine use. There is a company, a national company with a facility in New Jersey, just ready to start delivering the first of a series of rotary engines, that have an adaptability, interestingly enough, to use different kinds of fuels interchangeably—diesel, gasoline, you name it.

That is the Deere company, and I am hoping that they are successful.

Mr. DelliBovi, I did want to acknowledge and say that I was pleased to see your letter of March 1, regarding the Newark Railway. I just want to be certain that it is clear, so I will ask you these few questions.

Is there anything now that prevents New Jersey DOT from applying for funds to start the financial planning on this project?

Mr. DELLIBOVI. No; there is not.

Senator LAUTENBERG. Is there anything in asking for these funds for the financial analysis that would jeopardize work on the Hudson Waterfront Project, which is a big one for New Jersey?

Mr. DELLIBOVI. There is no UMTA prohibition that might jeopardize the waterfront project. Clearly, it is UMTA policy, however, to do only one project in an area at a time.

Now, as I understand it, the Newark Project—for which $2 million has been earmarked—would use some of those funds for the planning of what would be a nonfederally funded major investment in northern New Jersey, and then at the same time, the federally funded investment would proceed on the waterfront. Thus, the State of New Jersey would have two investments, one that is basically a non-Federal investment, the Newark one.

There would be this seed money to get it going that has been graciously provided by the committee for that purpose.

Senator LAUTENBERG. So the State can use those funds jointly?

Mr. DELLIBOVI. Yes.

Senator LAUTENBERG. One of the issues that we need to look at is the acquisition of right-of-way for this project. It is my understanding that these funds can be used to study the best way to proceed on that study, is that correct?

Mr. **DelliBovi.** Yes; the funds can be used for preliminary engineering and planning.

OUTLAY TRANSFER TO FAA

Senator **Lautenberg.** I wanted to ask you a couple of questions about other things.

One of them, the formula funds—the Department is proposing to transfer some 89 UMTA operating assistance outlays to FAA. Now, are you withholding operating funds to reduce outlays?

Mr. **DelliBovi.** No; we are not, Senator.

Senator **Lautenberg.** If not, how will you accomplish this outlay reduction, if some grantees have already obligated their available funds?

Mr. **DelliBovi.** Each year, there are a number of grantees that do not obligate the funds—places that do not have transit systems, or which have small systems that do not require all of it.

I believe that if the reprogramming were to be approved, we would be able to handle it in that manner. I also have to tell you, Senator, I am not losing any sleep while I wait for the approval of that reprogramming.

CONTRACTING OUT

Senator **Lautenberg.** We do not want you to lose any sleep.

Labor unions have said that UMTA has unjustly required transit operators to renegotiate contracts, and dictated that a certain percent of the transit services be contracted out. Is that true?

Mr. **DelliBovi.** That is not true.

We do not require transit authorities to renegotiate labor contracts, nor do we dictate that a mandatory level of service be contracted out.

The contrary is true. Because certain contracts prohibit contracting out, it is up to the local agencies to decide to renegotiate if they want to contract out.

Senator **Lautenberg.** Has UMTA influenced in any way the treatment of union contracts by requiring grantees to use part-time employees?

Mr. **DelliBovi.** No; we have not.

Senator **Lautenberg.** What is UMTA's position, if any, on transit use of part time?

Mr. **DelliBovi.** Our position on both part-time and on contracting out is that it makes business sense, good business sense, in certain situations.

We encourage transit agencies to consider it, because it saves money. Competitive contracting of services can save anywhere from 10 to 50 percent of the cost of that service—enough, in a State like New Jersey, to eliminate the need for a fare increase, like the one that it just passed.

We do not tell them to contract all the service out, but we do tell them that among the choices that they have, they can raise fares, they can come down here with their tincup, they can go to Trenton with their tincup, or they can contract out services, and run their business better.

They have choices to make, and we do believe that they need to understand the full range of those choices, but we do not mandate that they take any one of the choices.

USER-BASED SUBSIDIES

Senator **Lautenberg**. Is there an UMTA directive that says the tincup is one of your options, or is there something that says that the Federal Government may in fact have a significant, serious part to play in the development of more efficient transit systems? Rather than characterize these transit agencies as beggars, shouldn't we acknowledge that they have a stake in this company? They pay a fair share of it.

I do, as a citizen of New Jersey, have a claim on it, and my view obviously is that the Federal Government has a role to play, and that local systems should help themselves as much as they can.

But I honestly really do take exception to the tincup analogy. It does not speak well of a lot of hard-working systems out there, communities trying to solve their problems, often without the funds to do it.

I mean, if you want to review income levels in cities like Newark or Camden, NJ, where 300 out of 24,000 households make over $30,000 a year, and apply the tincup characterization—I think that people could get a little upset about that.

Mr. **DelliBovi**. Well, Senator, I would just like to point out that one of the problems with the transit operating systems programs is that it does not distribute the subsidy to the needy. I have no doubt, and I agree, that people in Newark and Camden are very transit-dependent, and the subsidies should be targeted to them.

Unfortunately, some of the wealthiest people in the United States, who live in other communities in the State of New Jersey, get the same level of subsidy on the commuter rail that they ride because the nature of the transit business is not to have user based subsidies, not to have subsidies that are targeted to the needy. Everybody who wants to get on gets the same level of subsidy.

I want to tell you that we at UMTA have encouraged a program that we call consumer choice. This is designed to promote subsidies targeted to the people who need jobs, the people who do not have them, so they need a subsidy to find them. These are the people who have low incomes. That is where I believe the Federal role should be, taking people to jobs, providing a subsidy for people who do not have three cars in the driveway, and providing a subsidy for people who are transit-dependent.

Unfortunately, the mechanism that we use means that anybody who gets on the bus gets the same level of subsidy, and I think that that is unfair.

Senator **Lautenberg**. Well, I would once again have to remind you that cities that have the income problem, the few that we have talked about—and they are around the country, not just in New Jersey—have no way of getting the kind of capital support that they need to rectify what is wrong, or to start new systems.

I mean, we look around the country, and there are cities of high income, cities of modest income, cities of low income, all of whom participate in different, varying degrees with the development and operation of the systems.

But when you reduce the Federal participation, it places a burden on many of these communities. You know that New Jersey, by way of example, supports its transit systems out of State funds, and very rarely out of local funds—that is the structure of our tax system.

It works very well, I think, but we cannot handle the burden of new systems, upgrading systems, and transit subsidies, without endangering the ridership that we have.

And they clog the roads just as much, they pollute the air just as much whether they come out of the suburban centers or the urban.

I will end this debate for the moment, and call on Senator Mikulski for any questions that she may have.

Welcome, Senator.

Senator MIKULSKI. Thank you very much.

Although I understand that we are going to be working together in your new capacity as Undersecretary at HUD—has that been an official appointment yet?

Mr. DELLIBOVI. It is getting official. I mean, it appears to have been announced here. But I will gingerly accept the goodwill of the committee members.

I am eagerly awaiting a formal announcement, but I look forward to working with all of the members of this committee, wherever I may be on Seventh Street. [Laughter.]

Senator MIKULSKI. Is that a Metro stop? [Laughter.]

Mr. DELLIBOVI. That is the L'Enfant Plaza stop, and I will tell you, there is one entrance that goes to the Department of Transportation building, and it is also possible to go up another set of escalators and come up next to the Department of Housing and Urban Development.

So you can take Metro either place—and a lot of other places.

LIGHT RAIL IN MARYLAND

Senator MIKULSKI. Well, let me say this, first of all. We have not always agreed, but I have found you a first-class professional to work with. In our meetings, the way you have come prepared, and the substantive conversations that we have had, where we have agreed, we have been able to fast track and move things.

There have always been substantive policy considerations to consider, so I look forward in working with you on any area at Seventh Street. But today, though, coming back and talking to you with your UMTA hat, we understand the issues to be budget constraints.

But I would like to take a minute to talk to you about the light rail situation in Maryland.

First, as you know, Maryland through both State government and private sector participation, will take care of all but 20 percent of the cost.

My question is, Is this the type of project that the Department of Transportation will support financially? And could you comment on where you think we are on some of the environmental compliance issues?

Mr. DELLIBOVI. Senator, I mentioned earlier that the Maryland example is, in my judgment, the best example in the country of a commitment of State and local officials.

I met in Annapolis last week with State Senator Levitan and a number of other State senators to brief them, at their request, and I commended them and the State of Maryland for its mass transit projects.

I believe that the light rail proposal will call for a Federal share between—they have told me 10 percent—but the point is, moving in that direction, 10 or 20.

Minneapolis is talking about 25—that is the way to go. Maryland is pioneering that, and, Senator, I truly want to help them in that effort, and reward them for that effort.

My only regret has been that due to the cumbersome nature of the environmental process, we are not yet in a position to obligate the grant. We are working very hard with them. I have spent a lot of time in the State of Maryland at the DOT. It is a good opportunity to get to Albermarle Street, and my wife always gives me a list of things to bring back when I go. I have been there many times, and I look forward to working with them.

The State did choose not to undertake the full Federal Environmental Impact Statement [EIS] under the National Environmental Policy Act. That has been a small stumbling block, but I believe ultimately we are on the track to developing a scenario under which the State will pay the basic cost of the starter system, and identifiable components for add-ons, which will be eligible for Federal funding, will be made. We will be able to do that without prejudicing environmental processes, and without running roughshod over those environmental processes, and in a manner that will make it possible for Federal funds to flow to that project.

Senator MIKULSKI. Mr. Chairman, I do not have any other questions. You have covered a lot of my questions.

CONCLUDING REMARKS

Senator LAUTENBERG. Thank you very much.

Al, we wish you good luck in your yet-unconfirmed new assignment.

You do have some friends here, and you will also have friends who want to ask you, without fear of embarrassment, for your advocacy for the Federal Government participation in transportation to move over to Housing.

Mr. DELLIBOVI. Thank you very much, Mr. Chairman.

Senators, I have enjoyed working with this committee. I look forward to working with the Senate in whatever capacity I can.

Senator LAUTENBERG. Are you interested in defense? [Laughter.]

Mr. DELLIBOVI. As Senator Mikulski pointed out, I will try to be an effective manager of the programs under my stewardship, because it is not just getting the appropriations, and it is not just getting the authorizations. It is what we do with them, and I know that is what we are all here in Washington for—to deliver the results to the people who sent us, and I never forget that.

Thank you.

Senator LAUTENBERG. Senator Domenici, did you have anything else?

Senator DOMENICI. There is nothing you said that prompts me to add anything. You have been all right today. [Laughter.]

Senator LAUTENBERG. I may have lost all my Democratic friends. [Laughter.]

Senator DOMENICI. I have not had the privilege of working with you very much, Mr. Chairman, but I sense in your remarks today that you have a pretty good understanding of the nature of the budget problem in this country today.

We have a lot of needs out there, and each of us, in our own way, become advocates of a need we perceive, and a way to address it.

Frankly, if we had all the money in the world, I guess that we could do everything that everyone wants. I for one heard a bit of philosophy from an Urban Mass Transit Administration official today that I think is pretty perceptive.

I am sorry that we do not look at the programs more carefully after we initiate them. I think that we might be somewhat surprised as to what we are paying for from time to time, at least if it is put in the context of whether or not we should add $300 or $400 million to the Women, Infants and Children Nutrition Program or some other program.

As it happens, sooner or later we have to weigh those kinds of things. It will happen sometime in the budget and appropriations process, and that is why I asked the question that I did of you.

An example from the President's budget request is that if Congress wants to increase funding for the Women, Infants and Children Program substantially over this year, it could change the formula for the Transit Grant Program that we just discussed.

The President could say, "Why don't you change the transit grant formula to save some money there, and use it for Women, Infants and Children's Nutrition Programs?"

I am sure just as I use that example, somebody can say, "Well, what about something else?" I think that is the kind of tradeoff that eventually is going to occur in this country. I just hope that we can do it in a way that is fair.

I sense that you have a perception of fairness in relation to your responsibilities for mass transit, and to the extent that I understand your situation, I compliment you.

If you are going to another administration position, as somebody mentioned, you will have additional opportunities to consider tradeoffs.

Thank you very much.

Mr. DELLIBOVI. Thank you.

SUBMITTED QUESTIONS

Senator LAUTENBERG. Thank you very much.

Mr. DelliBovi, we are going to call on Ms. Turner now, and I think that it would be helpful if you would either stay at the table, or nearby. Perhaps shift a seat or two over to your right, and we will hear Ms. Turner, and have a chance in the process of questions to perhaps get the Department's point of view.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

Questions Submitted by Senator Lautenberg

ADMINISTRATION'S PROPOSAL

SENATOR LAUTENBERG: Are there any indications that state and local governments will pick up any of the decrease you are proposing in Federal assistance?

ANSWER: The best information we have is on state assistance. The American Association of State Highway and Transportation Officials (AASHTO) has kept data since 1981 for capital and operating assistance. That total has grown for all of the states from $1.92 billion in 1981 to $3.9 billion in 1988.

In 1986, 52 percent of transit operating expenses (not including capital) was covered by state and local subsidies, as compared to 43 percent in 1980. This demonstrates both the willingness and the ability of states and localities to bear their fair share of transit expenses which result from State and local policy decisions.

From 1965 to 1984, State and local contributions to transit increased nine-fold in constant dollars and their 1985 contribution of $5.3 billion for operating expenses was six times the Federal contribution. This demonstrates that the these governments have the will to support transit.

Still, despite these increases, the total level of state and local support for transit amounts to less than 2 percent of combined State and local expenditures. This suggests room for more involvement, consistent with transit's role in each State and locality.

SENATOR LAUTENBERG: You are proposing major reductions in transit funding. Why are you further penalizing the recipients by increasing their local matching share to 50 percent?

ANSWER: By increasing the leverage of Federal funds, the proposed increase from 20 percent to 50 percent for the local share of formula funding results in a 47 percent increase in the total funding for transit from Federal and local sources compared with that if the change were not made.

This change will provide a greater incentive for local agencies to assure that the projects selected for funding are the most cost-effective and to better manage the capital resources provided.

In addition, it provides more of an incentive for local areas to view transit as important, rather than as just a means of obtaining Federal funds.

In FY 1989, the Federal share for the formula program is $1.6 billion, and the local share, including operating assistance at 50 percent and capital assistance at 20 percent, is $1.0 billion. This yields a total program (net of discretionary funds) at $2.6 billion. Under the proposal for FY 1990, the Federal share will be $1.4 billion and the local share $1.4 billion for a total of $2.8 billion.

In FY 1990, if no change in the match were made, the total available would have been $1.9 billion ($1.4 billion Federal and $0.5 billion local). By changing the local match to 50 percent for capital, the amount of local funding leveraged is increased, increasing the total formula funding program available from $1.9 billion to $2.8 billion, or 47 percent.

SENATOR LAUTENBERG: Is there anything new or different to support this budget which is the same as last year's?

ANSWER: The budget deficit remains the most important concern. Thus, reducing outlays in the transit program is needed if other priority programs, such as those proposed by the President are to be funded.

In the Department, tough choices are needed and when one considers the need to ensure adequate funding for the Coast Guard's drug interdiction program and the Federal Aviation Administration's air traffic control programs, transit takes on a lower priority.

There is new evidence of State and local funding agencies stepping in to pick up the slack from the real dollar reductions in Federal transit assistance since 1981. Moreover, new signs of higher coverage of costs by fares and more effective cost control suggest reduced dependency and thus reduced need for Federal assistance.

The Congress has clearly accepted the need to make cuts in the transit budget. Funding levels have been cut 30 percent since 1983.

In addition, we believe that the levels proposed, when delivered in the program structure we propose, are adequate to meet the real costs of maintaining capital stock needed for basic mobility.

The cuts in the transit program which Congress has made are shown in the following table:

(in millions of dollars)

FY	Administration Budget Request	Authorized Level	Actual Approp.	Appropriation Compared with FY 1983
83	$3,150	$2,810	$4,478	--
84	$3,915	$4,471	$4,268	- 5 %
85	$4,066	$4,540	$4,132	- 7 %
86	$1,377	$4,640	$3,564	-20 %
87	$1,220	$3,345	$3,452	-23 %
88	$1,504	$3,550	$3,285	-27 %
89	$1,522	$3,600	$3,155	-30 %

SENATOR LAUTENBERG: What is UMTA's policy on transit authorities receiving both rail modernization funds and New Start funds at the same time for essentially the same project (though not the same purpose)?

ANSWER: Several years ago, we circulated a draft policy paper that proposed excluding grantees from receiving Section 3 funds for both Rail Modernization and New Start purposes at the same time. That paper was never issued in final form. In addition, since that time, Section 3(k)(2) was was added to the UMT Act. It states that application for funds under any one category of Section 3 "shall not preclude eligibility for assistance" under any other category. Finally, in response to congressional direction, we are in the process of issuing an NPRM on the matter of New Start criteria and evaluation. It makes no mention of precluding New Start applicants from consideration under other categories of the Section 3 program.

SENATOR LAUTENBERG: Is this formal UMTA policy or an operating standard? What is UMTA's policy?

ANSWER: Excluding Section 3 applicants from one category of the program because of participation in another category is neither formal UMTA policy nor an operating standard. As mentioned in the response to the proceeding question, the law now prohibits any such practice or policy; we will observe this provision fully.

However, neither the law, nor good judgement, says that because a grantee is a participant in one category of Section 3, any application for discretionary funds under another category must be automatically approved. Section 3 remains a scarce resource, and all decisions to award funds under its provisions must be made prudently and on a case-by-case basis.

OPERATING ASSISTANCE

SENATOR LAUTENBERG: The Administration's budget would make available $120 million for operating subsidy for cities below 200,000 in population. How was this dollar level determined, and why did you choose the population cut-off at 200,000?

ANSWER: The $120 million figure is the total amount of operating assistance eligibility that would be available to urbanized areas with populations under 200,000 persons under our legislative proposal which creates the new Formula Transit Grants program. The $120 million is predicated on the 8.64 percent formula apportionment to cities under 200,000 under the existing formula.

Cities with populations under 200,000 were allowed to continue operating assistance eligibility in recognition of their high level of dependence on transit operating assistance and their limited ability to generate local funding sources to defray operating costs. Limiting operating assistance to urbanized areas with under 200,000 persons is consistent with our FY 1988 and 1989 budget requests to Congress.

SENATOR LAUTENBERG: On average, what percentage of transit's operating costs are offset by Federal subsidy for cities above 1 million; between 200,000 and 1 million; for areas between 200,000 and 50,000; and below 50,000.

ANSWER: On the average, in 1986, areas over 1 million had 5.8 percent of their budget come from Federal operating assistance, while areas from 200,000 to 1 million had 18 percent and areas 50,000 to 200,000 had 21.5 percent come from the Federal government. We have no data for areas under 50,000. Given the increase in operating costs since then and the capping of operating assistance in 1983, these shares have fallen. The following table provides more detail:

Area Size	Federal Assistance As Percent of Operating Expenses (1986)
Over 1 million	5.8 %
500,000 to 1 million	17.6 %
200,000 to 500,000	20.5 %
(All Areas Over 200,000)	6.9 %
Areas under 200,000	21.5 %

The share of operating expenses covered by Federal assistance for certain key operators was as follows in 1986:

New York City TA	2.9 %
New Jersey Transit	8.3 %
SEPTA	6.9 %
Baltimore MTA	9.1 %
Chicago TA	8.1 %
Chicago (all RTA operators)	5.8 %
SCRTD	10.7 %
San Francisco Muni	4.2 %
Seattle Metro	4.8 %

SENATOR LAUTENBERG: Do you have anything new to offer on why operating assistance should be cut?

ANSWER: A major rationale for eliminating operating assistance is the need to reduce outlays. Operating funds spend out faster than capital grants so that greater savings may be achieved when attempting to meet budget deficit reduction targets.

At the same time, there is evidence that the availability of Federal operating subsidies makes it easier at the local level to permit costs to escalate and for the fare levels to be set lower than otherwise appropriate.

The negative impact of the subsidies was demonstrated when transit operating costs increased to absorb increasing subsidies in the late 1970's and early 1980's. This is reinforced by recent evidence which indicates that the cap on operating assistance in 1983 and reductions since then have resulted in a stabilization of cost increases. Between 1984 and 1986, after the cap took effect, unit operating costs remained about the same in real terms.

Nevertheless, the cost to provide a unit of transit service has increased 92 percent in real terms since 1965, with the steepest increases during the period when Federal operating assistance was growing. The operating cost per passenger increased 139 percent in real terms between 1965 and 1985.

Contributing factors include:

- a 13 percent drop in labor productivity (in terms of revenue vehicle miles per employee) between 1975 and 1983 (APTA and Section 15 data),
- labor compensation rates as much as twice as high as at private operators,
- while transit ridership has returned to 1965 levels, this has required 20 percent more vehicle miles of operation to serve, reducing the effectiveness of the service. This has occurred because service intensity has decreased as operators spread service thinner to follow the market and increase coverage as well as because of increased auto ownership and reductions in auto operating costs.

Total subsidy levels are seven times in real terms what they were in 1970. In current dollars, subsidies were about $300 million in 1970 and about $6 billion in 1986. The user is paying only 40 percent of the operating cost of transit service and none of the capital cost.

These figures demonstrate that a major beneficiary of operating assistance has been transit labor, not the user. For example, studies have shown labor compensation rates over twice as high at public operators than at private operators (Urban Institute). In Washington, drivers at WMATA receive total compensation of about $45,000, compared with $19,000 with non-union private operators in the area.

SENATOR LAUTENBERG: What methodology did UMTA use in apportioning the Fiscal Year 1989 operating assistance? Absent specific Congressional bill language to the contrary, didn't UMTA have to use the distribution scheme in the Surface Transportation bill?

ANSWER: The STURA Act made a number of changes in the Section 9 operating assistance limitations. Among other changes which were cited in the Act and made previously in the limitations, the Act added Section 9(k)(2)(B). This Section states that on each October 1 after October 1, 1987, the operating assistance limitation for all urbanized areas under 200,000 in population shall be increased to reflect

the increase in the Consumer Price Index (CPI) for all urban consumers during the most recent calendar year. The CPI Detailed Report, December 1987, published by the Department of Labor, indicates the calendar year 1987 CPI increase for all urban consumers is 4.4 percent.

The 4.4 percent increase was applied, per the statute, against the base operating assistance limitation calculated under Section 9(k)(2)(A). This base was the Fiscal Year 1987 authorized operating assistance limitation of $124,019,004 for urbanized areas under 200,000 in population. The resulting increase in the operating assistance limitation, $5,456,836, sets the overall national Fiscal Year 1989 authorized operating assistance limitation at $918,098,067.

However, the Fiscal Year 1989 Appropriations Act reduces the nationwide availability for operating assistance to a maximum of $804,691,892 (for funds under the Fiscal Year 1989 Appropriations Act).

Accordingly, the Fiscal Year 1989 operating assistance limitations published in the Federal Register on October 13, 1988, take into account both the UMT Act and the Fiscal Year 1989 Appropriations Act. That is to say the higher operating assistance limitation of the UMT Act, $918,098,067, has been reduced to the $804,691,892 required by the Fiscal Year 1989 Appropriations Act.

Given there was no specific language directing us to take reductions in any one grouping differently than in other groupings, UMTA had no choice but to prorate the reduction across all categories of grantees.

NEW JERSEY PROJECTS

SENATOR LAUTENBERG: Twenty million has been made available to New Jersey Transit for purchase of right-of-way for the Hudson River Waterfront. What is the status of that project?

ANSWER: New Jersey Transit has been negotiating with Conrail for the purchase of the right-of-way. A draft purchase agreement has been prepared but has not yet been signed.

SENATOR LAUTENBERG: It was estimated that the total costs of transit improvements for the Hudson River Waterfront could be as much as $740 million. Is UMTA familiar with that figure, and if so, what is the amount (or percentage) that is expected from the private sector?

ANSWER: The $740 million figure is the most current capital cost estimate UMTA has seen. A more refined estimate will be developed during Alternatives Analysis.

No firm estimate for the private sector's contribution has been developed. A 1988 study done by Real Estate Research Corporation suggested that $697 million could be raised through fees on Waterfront development between 1988 and 2001. A mechanism for establishing and collecting these fees is not yet in place and it is not clear if this is an attainable figure and what portion of the amount could be used for transit improvements.

At this time, agreements for the use of rights-of-way have been reached with the private sector and the State Legislature is considering legislation which would permit the creation of taxing districts to fund the implementation of transportation improvement plans including the one being developed for the Waterfront.

SENATOR LAUTENBERG: One of the priorities for New Jersey Transit is the Secaucus transfer (also called Allied Junction). What has been UMTA's involvement in this project? What is the Federal Share, and what is the source of Federal funds? What is the cost estimate for the total project, and how much would be paid by the private sector?

ANSWER: The UMTA involvement includes the award of two grants to New Jersey Transit. One grant was in the amount of $500,000 to initiate the site planning and environmental work for a proposed privately financed and operated transit transfer station at Allied Junction. The station is being proposed as an integral part of the Allied Junction Meadowlands, and is proposed to be financed by the Allied Junction Corporation without any Federal funding. This study is nearing its completion and the Allied Junction Corporation is in the process of obtaining the necessary permits to start construction of the transfer station.

Another grant was in the amount of $3.762 million to conduct preliminary engineering for all track work on the Bergen, Main, Passaic Valley, and Northeast Corridor railroad lines all converge at Allied Junction. The track work and parking facilities would enable convenient transfer from the lines at the proposed new station.

The Federal Share on this project has not been established. If UMTA chooses to participate in the non-station costs of the project, the Federal share share would not exceed 75 per cent. If New Jersey chooses to use its Section 9 appropriation, the Federal share would not exceed 80 per cent.

Proposed financing arrangements for the track work and parking facilities will be a product of the preliminary engineering effort and studies being conducted by the Hackensack Meadowlands

District Commission (HMDC). The HMDC is studying the economic benefits Meadowlands developers will derive from transportation improvements in the area. The HMDC study may support the implementation of a Meadowlands special assessment district that will enable broader financial participation by area developers than is currently being proposed.

The Secaucus Transfer/Allied Junction project is estimated to cost a total of $286.4 million. This estimate includes about $35 million for the transfer station and $251.4 million for the associated track work and parking facilities. Private concerns are expected to pay the estimated $35 million for construction of the transfer station.

New Jersey Transit and the Hackensack Meadowland Development Commission are working with the Allied Junction Corporation in determining how the railroad connection to the transfer station will be made.

NEWARK RAIL LINK

SENATOR LAUTENBERG: Can the State use the funds to study the financial feasibility of the project, including the participation of the private sector?

ANSWER: Yes, in fact we are particularly interested in the examination of innovative approaches to generating private sector contributions to projects of this kind.

SENATOR LAUTENBERG: Real estate development clearly benefits from transportation development. Can these funds be used to study possible real estate development and how the transit system might recapture some of the value of that development?

ANSWER: Yes, since the increased accessibility to the real estate along the Newark Rail Link Corridor should increase the value of the real estate, ways to capture some of this increase in value for the transit system should be included in the study. Special assessment districts and other cost sharing approaches such as private sector funding of stations and other facilities are only two of many possible methods of recapturing some of the real estate benefits of the proposed transit projects.

SENATOR LAUTENBERG: Am I correct that you would encourage using these funds to study innovative financing strategies for this project?

ANSWER: Yes, we would be very interested in seeing what innovative state, local and private sector strategies could be developed for the financing of transit systems in this corridor, especially if they could be applied to the rest of the country.

SENATOR LAUTENBERG: When studying the financial issues, Mr. DelliBovi, can UMTA help New Jersey D.O.T. in its consideration of asking for up-front private sector money versus back-charging the cost of the project?

ANSWER: You can count on UMTA's support in helping the State implement the most effective approach to gaining private sector participation in this project. UMTA feels that up-front private sector money is more desirable since the cost of borrowing money is avoided. We would encourage the State and the private sector to make up-front contributions, but the State's success in obtaining such commitments will depend upon the financial health on the private sector in the area, among other factors.

SENATOR LAUTENBERG: Finally, does using these funds for financial planning commit New Jersey D.O.T. to other Federal requirements like alternatives analysis or environmental impact studies?

ANSWER: No, planning and preliminary engineering studies are not considered to be Federal commitments to a project and therefore do not require that alternatives analysis and environmental requirements be met. But Federal participation in final design or construction of a project would require that these and other Federal requirements be met.

SECTION 9 -- FORMULA FUNDS

SENATOR LAUTENBERG: This year approximately half the formula funds are available for capital purposes, in previous years approximately 40 percent. What do transit authorities typically spend these funds on?

ANSWER: All Section 9 formula funds apportioned are available for capital assistance purposes. In Fiscal Year 1988 the operating assistance limitation was 46.2 percent of the total apportionment. In Fiscal Year 1989, 50.0 percent of the apportionment may be used for operating assistance.

Formula funds are spent for bus purchases, bus maintenance facilities and bus related items, rail modernization, new starts, and planning projects. The following chart depicts the Fiscal Year 1987 and Fiscal Year 1988 percentage distribution of capital obligations by activity:

FORMULA ASSISTANCE PROGRAM
CAPITAL OBLIGATIONS BY ACTIVITY

	FY 1987	FY 1988
Bus & Bus Related	50.4%	45.0%
Rail Modernization	45.6	53.0
New Systems	2.7	1.0
Planning	1.3	1.0

SENATOR LAUTENBERG: Are there unobligated Section 9 formula funds? If so, in which fiscal years were these funds made available?

ANSWER: The information follows:

Unobligated Section 9 Formula Funds
(As of September 30, 1988)

Fiscal Year	Unobligated Funds ($ millions)
1986	$ 63.0
1987	$ 129.5
1988	$ 324.5
1989	$1,596.5
Total	$2,112.5

SENATOR LAUTENBERG: Why are these funds still unobligated?

ANSWER: The statutory life of the Section 9 formula apportionment is 4 years (year of apportionment plus 3 years). An examination of the specific Fiscal Year 1985 Section 9 apportionment indicates that all areas fully obligated their specific year apportionment within the 4-year period. At the end of the first year, 72 percent had been obligated; at the end of the second year 90 percent had been obligated; at the end of the third year 96 percent had been obligated; and at the end of the fourth year, 100 percent had been obligated.

In addition, the trend of Section 9 unobligated balances has been decreasing in recent years. The unobligated balances have been reduced from $791.5 million at the end of Fiscal Year 1987 to $517.1 million at the end of Fiscal Year 1988.

SENATOR LAUTENBERG: List the cities, amount, and project descriptions where formula funds were used for new start projects.

ANSWER: The following table displays the use of formula funds for new start projects for Fiscal Year 1987 and Fiscal Year 1988:

FISCAL YEAR 1987 AND FISCAL YEAR 1988 USE OF FORMULA FUNDS FOR NEW START PROJECTS

CITY	PROJECT DESCRIPTION	AMOUNT
	1987	
Los Angeles, CA	Construct Rapid Transit System from Union Station to Alvarado Street	$15,600,000
San Diego, CA	Construct LRT from Euclid Avenue to El Cajon	11,334,000
San Jose, CA	Construct LRT from Downtown South to Santa Teresa	9,698,040
	Total......	$36,632,040
	1988	
San Diego, CA	Construct LRT from Euclid Avenue to El Cajon	3,719,320

San Jose, CA	**Construct LRT from Downtown South to Santa Teresa**	**3,901,960**
Portland, OR	**Westside Corridor Preliminary Engineering**	**1,657,988**
	Total........	**$9,279,268**

SENATOR LAUTENBERG: List the urbanized areas without mass transit service which were entitled to receive Section 9 funds. What was each area apportioned for Fiscal Years 1987, 1988, and 1989?

ANSWER: A recent survey of UMTA's regional offices revealed that the following UZA's did not have a conventional transit service in FY 1988.

URBANIZED AREAS WITHOUT CONVENTIONAL MASS TRANSIT SERVICE

		APPORTIONMENT		
REGION	UZA	FY 1987	FY 1988	FY 1989
III	Jacksonville, NC	401,557	359,714	329,899
	Concord, NC.	409,433	366,770	336,370
	Burlington, NC	410,517	367,740	337,260
	Goldsboro, NC	319,641	286,334	262,601
IV	Rock Hills, SC.	292,666	262,170	240,440
	Dothan, AL.	260,930	233,741	214,367
	Fort Walton Beach, FL.	504,698	452,107	414,635
	Winter Haven, FL.	450,923	403,936	370,455
	Fort Pierce, FL.	402,783	360,812	330,906
	Naples, FL.	288,212	258,180	236,781
	Panama City, FL.	461,482	413,395	379,131
	Warner Robins, GA.	364,750	326,743	299,661
V	Kokomo, IN.	518,073	464,089	425,623
VI	Fayetteville-Springdale, AR.	330,054	295,661	271,155
	Houma, LA.	377,077	337,786	309,788
	Fort Smith, OKLA.	11,488	10,291	9,436
	Lawton, OKLA.	630,203	564,537	517,744
	Bryan-College Station, TX.	537,366	481,371	441,473
	Harlingen-San Benito, TX.	420,120	376,343	345,150
	Killeen, TX.	640,608	573,856	526,292
	Longview, TX.	420,922	360,937	331,019
	McAllen, TX.	1,222,099	1,094,739	1,004,016
	Odessa, TX.	746,665	668,862	613,423
	Temple, TX.	288,652	258,574	237,142
	Texarkana, TX.	276,050	247,285	226,789
	Texas City, TX.	556,242	498,280	456,980
	Tyler, TX	508,204	455,249	417,515
	Victoria, TX	396,939	355,578	326,106
VII	Joplin, MO.	310,956	278,553	255,466
VIII	Bismarck-Mandan, N.D.	426,950	382,461	350,761
	Cheyenne, WY.	420,717	376,876	345,640
IX	Yuma, AZ.	412,200	368,352	337,821

SENATOR LAUTENBERG: What has happened to funds previously available to urbanized areas without transit service?

ANSWER: For areas under 200,000 population, the apportionments attributable to them are made to the Governor who allocates these apportionments to areas with transit service. For areas over 200,000 population, local officials have transferred their apportionments to other areas with transit service.

We have found that the Governors and local officials take full advantage of the four year period of availability in exercising this flexibility in the Section 9 program.

PRIVATE SECTOR PARTICIPATION

SENATOR LAUTENBERG: The Urban Mass Transportation Administration recently announced a new program called the Entrepreneurial Services Program. What are the objectives of that program and how are they being accomplished? What have you done since you announced this program last year?

ANSWER: The primary objective of this program is to assist private operators to identify and implement privately operated public transit service that meets a need and that can operate at a profit, without reliance on substantial public tax subsidy.

In September 1987, the UMTA Administrator announced a $5 million Entrepreneurial Services Challenge Grant program that would make assistance (grants) available to entrepreneurs, communities, agencies and other sponsors that have the incentive to sponsor a service with the greatest potential for providing public transportation that can be self-sufficient (operated independently of ongoing public subsidy).

UMTA has received over 200 proposals and funded over 50 of the most primising. Grant awards have totaled over $5 million. Because of the success of the program, Secretary Skinner is planning to announce a two-year, $10 million extension of the program.

SENATOR LAUTENBERG: Will UMTA continue to fund demonstrations to bring public and private interests together? If so, what pot of money will these funds come from?

ANSWER: UMTA efforts to develop public and private sector cooperation have been very successful. The response to UMTA's initiatives in the areas of entrepreneurial services, joint development, demand management and suburban mobility have generated tremendous interest. Moreover, the early projects are proving the potential for such cooperation. We plan to continue to fund such projects from the different sources available (i.e. sections 3, 6, 8, 9 and 20) as appropriate.

SENATOR LAUTENBERG: What "private involvement" projects has UMTA funded? What have been the results to date?

ANSWER: UMTA has funded over 50 entrepreneurial services projects that cover a wide spectrum of creative ideas, including projects providing such services as reverse commuting, express commuting, downtown and/or suburban circulators, shuttles and jitney. The majority have been reverse commuting services, taking inner city workers to jobs in the suburbs. Projects in Washington and Philadelphia are already serving over a thousand people a week to new job opportunities.

UMTA has funded a number of joint development efforts, including a review of joint development potential at park and ride lots in Seattle, feasibility studies of cooperative projects in several areas and has assisted such diverse areas as Norwalk, CT., Denver, CO and Orange County, CA to implement joint development projects.

SENATOR LAUTENBERG: How many of these types of projects are you expecting to fund this fiscal year? How many are planned for fiscal year 1990? What benefits are you seeing from this policy? What do you see as the potential benefit from private/public partnerships in future years?

ANSWER: The number of these projects UMTA will fund is limited by the number of attractive, cost-effective proposals we receive. Joint public-private projects are more difficult to develop than the conventional public only projects UMTA has typically funded. On the other hand, the cooperative development process produces projects with greater benefits that often can be implemented more quickly once agreement is reached. We hope to fund more of these projects in the future. However, one of our goals is to encourge the development of projects that need no Federal assistance. A number of joint development projects have recently been done without Federal assistance, since the projects generated revenues in excess of costs as well as improving transit. These projects include the conversion of an old commuter rail station into a restaurant in Philadelphia, agreements to allow commuters to park in church lots and shopping centers in many areas and provision of a park and ride lot by a developer in the Boston area.

As both the business community and the transit industry become more aware of what they can do for each other, we expect the benefits from these types of projects to grow. As an example of the type of business-transit cooperation we see as possible, the business community in Denver and Seattle provide subsidies for over 50 percent of the monthly transit passes sold in those communities. Again, this shows how involved the business community can be and the value of it to the transit industry and the area.

SENATOR LAUTENBERG: How many transit authorities are contracting service or maintenance out? What proportion of existing service and maintenance does this represent? Is the trend towards more contracting out?

ANSWER: The trend toward the competitive contracting of transit service and maintenance activities is increasing. In 1986, our annual survey revealed that $238 million or 2.1 percent of the transit operating budget were applied to competitive contracted services. In 1987, the figure rose to $414 million or 3.5 percent of the transit operating budget. We are currently identifying the lastest contracting figures for 1988, and will report them to you as soon as they are available. We expect this trend to continue, since over 90 percent of UMTA grantees have put in place local processes to examine competitive contracting opportunities. Additionally, state legislation is beginning to emerge, which promotes a more competitive environment in transit. For example, Colorado law now requires the regional transit authority in Denver to competitively contract 20 percent of its routes over the next two years.

SENATOR LAUTENBERG: List the contracts let and the amount of each contract let for privatization work. Briefly describe the contracts' scope and expected product including contract duration. (For fiscal years 1988 and 1989).

ANSWER: A listing of FY 1988 and FY 1999 projects obligated as of February 28, 1989, follows:

AMOUNT	PROJECT
$50,000	Grant to Nebraska Department of Roads to improve intercity bus service to rural areas.
$160,000	Grant to Port Authority of Allegheny County to demonstrate the cost-effectiveness of using competitively procured transit services for suburban and low density areas.
$650,000	Grant to Comsis Corporation to provide the continuation of the Public/Private Transportation Network technical assistance to localities to increase competitiveness in the provision of transit services.
$50,000	Grant to Dynatrend Corporation to implement demonstration projects in the areas of user-side subsidies, and employer supported transportation programs.
$199,995	Grant to Ecosometrics, Inc. to evaluate competitive services demonstrations in Cincinnati, Los Angeles, Miami and New Orleans.
$50,000	Grant to Peat Marwick, Main & Co. to evaluate a competitive services demonstration in Cobb County, Georgia.
$150,000	Grant to Metropolitan Dade County Transit Agency to develop a methodology to assess the benefits of competitive contracting for public transit services.
$142,611	Grant to Associate Consultants, Inc., to provide support for UMTA's Fourth Annual Conference on the Private Sector and Public Transit.
$149,820	Grant to the American Bus Association to provide information to community and civic groups on the potential for increased private sector participation to improve urban mobility.

AMOUNT	PROJECT
$24,343	Grant to the U.S. Conference of Mayors to prepare and distribute to local officials a handbook to provide guidance on the competitive contracting of transit services.
$14,664	Grant to the United Bus Owners of America for preparation of a manual to assist private bus operators to respond to requests for proposals issued by local and state governments.
$75,000	Grant to the Arizona Transit Association to determine the demand for and the feasibility of privately operated public transportation services in Arizona.
$59,000	Grant to the Corridor Transportation Corporation to prepare a marketing plan to provide privately-operated bus service between Baltimore and Washington, D.C.
$174,000	Grant to the National Association of Neighborhoods to provide technical assistance for development of entrepreneurial urban mobility services in inner-city areas.
$98,950	Grant to American Bus Association to provide technical assistance to assist private operators to provide cost-effective urban public transportation service.
$140,000	Grant to the Contract Services Association to analyze the potential for contracting public transit maintenance and support services.
$99,200	Grant to the International Taxicab Association to identify and develop examples of unsubsidized taxi services in rural and small communities.

SENATOR LAUTENBERG: Are there any pending 3e/8e complaints?

ANSWER: There is one 3e/8e complaint now pending before UMTA, namely California Bus Association v. Golden Gate Transit.

In this complaint, the California Bus Association alleges that Golden Gate transit of San Francisco failed to bid its fully allocated costs and adequately consider the private sector in a proposal to take over the management and operation of transit services in Sonoma County.

These allegations, if substantiated, could constitute a violation of UMTA's private sector policy, which requires UMTA grantees to involve the private sector to the maximum extent feasible in the provision of mass transit services.

On January 13, 1989, in keeping with its private sector complaint procedure, UMTA directed the California Bus Association to attempt resolution at the local level for at least 30 days.

If either party notifies UMTA in writing that the dispute has not been resolved, the Chief Counsel will begin a formal investigation.

MASS TRANSIT TRUST FUNDS

SENATOR LAUTENBERG: Provide an estimate of the trust fund balance for the next five years, including interest assuming current law and obligations equalling contract authority. In addition, provide similar information using the Administration's assumptions.

ANSWER: Table A, below, provides estimated trust fund balances for the next five years under current law. If current law prevails, the cash balance will be $8.9 billion in 1994.

Table B, below, provides the same data under the Administration's Deficit Neutral Assumption. Under the Administration's proposal the cash balance is projected at $7.4 billion by the end of 1994.

TABLE A

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
CURRENT LAW PROJECTIONS
($ in thousands)

	FY 1989 ESTIMATE	FY 1990 ESTIMATE	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year.......	5,167,560	5,916,260	6,729,810	7,411,515	7,973,235	8,482,630
Cash income during year,						
Government receipts:						
Motor fuel taxes..........	1,173,000	1,304,000	1,327,000	1,336,000	1,346,000	1,360,000
Interest on investments...	445,700	495,500	529,400	515,900	468,900	418,600
Total annual income...	1,618,700	1,799,500	1,856,400	1,851,900	1,814,900	1,778,600
Less: Outlays:						
Discretionary Grants a/..	(870,000)	(985,950)	(1,174,695)	(1,290,180)	(1,305,505)	(1,325,570)
Unexpended balance brought forward end of year.........	5,916,260	6,729,810	7,411,515	7,973,235	8,482,630	8,935,660
Interest rate.................	8.375%	8.000%	7.250%	6.375%	5.625%	5.000%
Authorization	1,250,000	1,300,000	1,400,000	1,439,000	1,472,000	1,499,000

a/ Includes Sections 3, 9A, 9B, 8, 16(b)(2), 3(a)(1)(c), and 4(i).

TABLE B

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT
PROJECTIONS
($ in thousands)

	FY 1989 ESTIMATE	FY 1990 ESTIMATE	FY 1991 ESTIMATE	FY 1992 ESTIMATE	FY 1993 ESTIMATE	FY 1994 ESTIMATE
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year.......	5,167,560	5,916,260	6,618,024	7,115,814	7,356,008	7,441,436
Cash income during year,						
Government receipts:						
Motor fuel taxes..........	1,173,000	1,304,000	1,327,000	1,336,000	1,346,000	1,360,000
Interest on investments...	445,700	495,500	529,400	515,900	468,900	418,600
Total annual income...	1,618,700	1,799,500	1,856,400	1,851,900	1,814,900	1,778,600
Less: Outlays:						
Discretionary Grants a/..	(870,000)	(926,900)	(841,940)	(665,370)	(516,225)	(383,610)
Formula Transit Grants b/	0	(170,836)	(516,670)	(946,336)	(1,213,247)	(1,465,459)
Subtotal..............	(870,000)	(1,097,736)	(1,358,610)	(1,611,706)	(1,729,472)	(1,849,069)
Unexpended balance brought forward end of year.........	5,916,260	6,618,024	7,115,814	7,356,008	7,441,436	7,370,967
Interest rate.................	8.375%	8.000%	7.250%	6.375%	5.625%	5.000%
Authorization	1,250,000	1,523,000	1,523,000	1,523,000	1,523,000	1,523,000

a/ Includes Sections 3, 9A, 9B, 8, 16(b)(2), 3(a)(1)(c), and 4(i).
b/ Based on proposed legislation.

SENATOR LAUTENBERG: List the revenues and outlay experience for the Trust Fund for the past five years. (Show tax receipts and interest income separately.)

ANSWER: The table below provides actual revenue and outlay experience for the Trust Fund, including receipts and interest, for fiscal years 1983 through 1988. Of the $5.2 billion in unexpended balances at the end of FY 1988, $2.7 billion is obligated but not liquidated. The unobligated carryover is $1.1 billion. Of the receipts and interest income, $1.4 billion remained uncommitted as a result of the authorization appropriation process.

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
STATUS OF MASS TRANSIT ACCOUNT

($ in thousands)

	FY 1983 ACTUAL	FY 1984 ACTUAL	FY 1985 ACTUAL	FY 1986 ACTUAL	FY 1987 ACTUAL	FY 1988 ACTUAL
MASS TRANSIT ACCOUNT						
Unexpended balance brought forward start of year.......	0	519,059	1,611,049	2,524,016	3,286,877	4,202,056
Cash income during year,						
Government receipts:						
Motor fuel taxes..........	519,644	1,236,045	1,213,740	1,112,654	1,238,858	1,277,430
Interest on investments...	2,547	89,141	206,226	282,769	343,855	383,750
Total annual income...	522,191	1,325,186	1,419,966	1,395,423	1,582,713	1,661,180
Less: Outlays:						
Discretionary Grants a/..	(3,132)	(233,196)	(506,999)	(632,563)	(667,534)	(695,675)
Subtotal..............	(3,132)	(233,196)	(506,999)	(632,563)	(667,534)	(695,675)
Unexpended balance brought forward end of year.........	519,059	1,611,049	2,524,016	3,286,877	4,202,056	5,167,560

a/ Includes Sections 3, 9A, 9B, 8, 16(b)(2), 3(a)(1)(c), and 4(i).

SECTION 3 -- DISCRETIONARY GRANTS

SENATOR LAUTENBERG: I know that you support the Administration's request to end the Section 3 discretionary program and to distribute the funds by formula. However, assuming that Congress does not enact the legislation necessary to do this, what do you think is a prudent way for UMTA to administer the Section 3 program?

ANSWER: If the Section 3 discretionary program is maintained in its current form, UMTA would continue to administer the program so as to assure the discretionary funding went to those projects that would do the most to achieve the goals of the national transit program. UMTA would seek to fund only those new start projects that are cost-effective and have an acceptable level of local financial commitment. UMTA will also encourage the funding of projects that provide greater than the minimum required local match for the Federal grant. This will leverage the Federal dollars while assuring that only those projects with a high local priority are funded.

We would take the same approach with the rail modernization and bus portions of the Section 3 program. We propose to streamline grant procedures for those rail modernization cities that provide a 50 percent local match. UMTA also will continue to urge cities to consider the cost-effectiveness of rail projects and direct funds to the best projects or to more cost-effective alternatives. UMTA's efforts to encourage agencies to use the rail modernization funds more effectively are beginning to pay off. Some agencies are making real progress towards modernizing their systems.

Those areas that provide 50 percent local share for the bus portion of the Section 3 program will have their applications given a higher priority. This will allow grantees to ensure that their own priorities are considered in the award of Section 3 grants. UMTA expects to continue to give priority to those grants which encourage more effective use of facilities and provide better service to users.

SENATOR LAUTENBERG: What criteria does UMTA use in making Discretionary capital grant awards in the rail modernization, the bus, and the Section 16(b)(2) categories?

ANSWER: Section 3 funds are grouped by category (New Systems, Rail Modernization, and Bus & Bus Related).

The majority of Rail Modernization category funds go to the eight old rail areas (New York, NE New Jersey, Boston, Pittsburgh, Philadelphia, Cleveland, Chicago, and San Francisco).

Rail Modernization funds are distributed to transit properties according to rough allocation percentages based upon service factors related to size of system. Our recent Rail Modernization need study provided us with overall funding levels required to bring our old rail systems up to current standards. We also use this study to assist in determinating the allocation percentages. Individual project application are then reviewed based upon the benefits expected from the proposed projects, intended use of formula funds, grantee management of previous grants and their ability to maintain construction.

Proposed Bus projects are grouped into five priorities and ranked within each priority. The priorities currently are 1) Congressional Direction/Commitment; 2) Bus Maintenance Facilities; 3) Bus Fleet Expansion; 4) Bus Fleet Replacement; 5) Other (Intermodal terminals, bus malls, etc.). Projects are selected from these priority groupings.

Section 16(b)(2) funds are allocated by administrative formula to the States. (Based on the number of elderly & handicapped persons in each state and territory expressed as a percentage of the total elderly & handicapped population). The states are responsible for programming the funds to subrecipients, and for developing the criteria for doing so.

SENATOR LAUTENBERG: For any of these Discretionary capital grant awards, does UMTA consider how an applicant has used its Section 9 Formula Funds?

ANSWER: Yes, UMTA does take into consideration the use of Section 9 Formula Funds in determining awards for Section 3 discretionary funds.

In fact, it is our basic management premise that formula funds must be used first before we allocate discretionary funds.

SENATOR LAUTENBERG: List the recipients of Section 3 Rail Modernization funds and aggregate amounts by year, awarded for Fiscal Years 1982 through 1988.

ANSWER: The information follows:

SECTION 3 DISCRETIONARY

RAIL MODERNIZATION FUNDS AWARDED

URBANIZED AREA	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
BOSTON	63.0	69.3	70.3	24.9	69.6	13.1	51.4
NEW YORK	252.5	283.0	153.2	161.3	122.8	120.2	20.4
NE NEW JERSEY	95.8	82.0	39.2	24.5	36.7	46.3	0
SW CONNECTICUT	18.0	21.6	4.8	0	0	27.0	0
PHILADELPHIA	94.4	105.1	63.7	6.0	91.3	52.5	53.6
S. NEW JERSEY	5.2	24.1	0	0	0.6	0	21.9
PITTSBURGH	81.5	50.0	79.0	42.8	0	3.6	0
CHICAGO	133.4	116.2	60.0	43.3	66.7	34.1	152.4
NW INDIANA	18.3	-	0	0	0	0	0
CLEVELAND	18.0	9.9	7.7	11.3	11.3	0	16.2
DETROIT	5.5	3.0	0	0	0	0	0
SAN FRANCISCO	62.1	70.9	66.1	26.5	47.0	22.0	35.0
DALLAS	0	27.2	0	0	0	0	1.2
BALTIMORE	0.5	6.2	0	0	0	0	9.8
NEW ORLEANS	0	0	0	2.4	33.0	0	2.6
LOWELL, MA	0.4	0	0	0	0	0	0
JOHNSTOWN, PA	0.2	1.5	1.5	0	0	0	0
CHATTANOOGA, TN	0.1	0	0	0	0	0	0
SEATTLE	0	0	0	0	0	0	0
INDIANAPOLIS	0	0	0	0	0	0	0.8
WASH, DC (MD VA)	0	0	0	0	0	0	0.8
TOTALS (BY FISCAL YEAR)	848.9	870.0	545.5	343.0	479.0	318.8	366.1

SENATOR LAUTENBERG: List the top ten recipients of Section 3 bus funds and aggregate amount awarded by year for fiscal years 1982 through 1988.

ANSWER: The information is provided below, with the exception of FY 1988, which is not yet available:

(in $millions)

Recipient	FY 1982 - 1987 Total Obligations
Los Angeles	$129.3
Northeast New Jersey	117.7
Houston	91.2
San Francisco	91.2
Chicago	73.6
Dallas	60.5
New Orleans	56.0
Baltimore	47.7
San Juan, PR	45.0
San Antonio, TX	38.8

RAIL MODERNIZATION

SENATOR LAUTENBERG: UMTA has historically distributed rail modernization funds out of the Trust Fund using "historical parameters". What are historical parameters? How were they established?

ANSWER: UMTA has traditionally allocated rail modernization funds to eligible recipients on the basis of the size of their systems and various service parameters.

These parameters included route miles, car miles, train miles, seat miles, vehicles in service, number of stations, and ridership.

These parameters established a base for the percentage distribution of rail modernization funds. These percentages have remained fairly constant over time.

SENATOR LAUTENBERG: How do these parameters compare to the requests which you receive from the grantees? Of the Rail Modernization funds obligated, how much is currently unencumbered?

ANSWER: The requests we have received from grantees approximate these parameters.

There are some variations from year to year based on the specific project or projects the grantees wish to advance.

As of September 30, 1988, the unencumbered amount is $929 million.

SENATOR LAUTENBERG: List the rail modernization funds made available by UMTA that remain unencumbered (by recipient and year made available).

ANSWER: The attached listing portrays, by UMTA grantee and year made available, rail modernization funding for all active projects in that category. On the total line for each grantee, in the last column of the listing, is shown the percentage of the grantee's total obligations that have been encumbered. Because UMTA's system for tracking encumbered funds does not designate projects by funding category (e.g., rail modernization, bus, new systems, etc.), the percentage usually refers to the grantees' encumberment rate for all Section 3 projects. Where there is only one project per grantee, however, the percentage refers to the encumberment rate for that single project.

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                                  UMTA FINANCIAL MANAGEMENT SYSTEM
                                        RAIL MODERNIZATION
                                       DATA AS OF: 04/30/89

SECTION   03

GRANTEE    LAST OBLIG. DATE              OBLIGATIONS          PAYMENTS       UNLIQUIDATED   LAST DISB DATE   % ENCUMBERED

CHICAGO, CITY OF -CITY
IL030046        800815                 40,000,000.00     40,000,000.00               0.00       840915
IL030046        810116                 21,520,000.00     20,930,740.86         589,259.14       880908
                                    ----------------- ----------------- ------------------
---- PROJECT IL030046 TOTAL ----       61,520,000.00     60,930,740.86         589,259.14

IL030096        820924                    800,000.00        595,000.00         205,000.00       880519
                                    ----------------- ----------------- ------------------
---- PROJECT IL030096 TOTAL ----          800,000.00        595,000.00         205,000.00


                                    ================= ================= ==================
CHICAGO, CITY OF -CITY                 62,320,000.00     61,525,740.86         794,259.14                        100%
                                    ================= ================= ==================

CHICAGO TRANSIT AUTHORITY
IL030040        810807                  3,069,696.00      3,069,696.00               0.00       841003
IL030040        830915                  2,654,560.00      1,128,772.00       1,525,788.00       890310
                                    ----------------- ----------------- ------------------
---- PROJECT IL030040 TOTAL ----        5,724,256.00      4,198,468.00       1,525,788.00

IL030062        800918                  5,897,472.00      5,897,472.00               0.00       850528
IL030062        820313                  5,596,000.00      5,596,000.00               0.00       881216
IL030062        830915                  7,012,544.00        534,920.00       6,477,624.00       890322
                                    ----------------- ----------------- ------------------
---- PROJECT IL030062 TOTAL ----       18,506,016.00     12,028,392.00       6,477,624.00

IL030066        820813                  1,490,400.00        697,815.00         792,585.00       890317
IL030066        830915                  2,162,960.00              0.00       2,162,960.00
                                    ----------------- ----------------- ------------------
---- PROJECT IL030066 TOTAL ----        3,653,360.00        697,815.00       2,955,545.00

IL030068        800815                 23,200,000.00     23,200,000.00               0.00       840713
IL030068        811222                 52,217,440.00     52,217,440.00               0.00       841123
IL030068        811222                 22,982,560.00     22,982,560.00               0.00       860317
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SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
IL030068	821216	35,200,000.00	35,200,000.00	0.00	851210	
IL030068	831229	26,250,000.00	26,250,000.00	0.00	870626	
IL030068	860818	26,944,800.00	20,483,302.00	6,461,498.00	890310	
---- PROJECT IL030068 TOTAL ----		186,794,800.00	180,333,302.00	6,461,498.00		
IL030084	000000	3,987,544.00	3,987,544.00	0.00	840713	
IL030084	810614	3,266,816.00	3,266,816.00	0.00	840915	
IL030084	820813	9,693,948.00	9,693,948.00	0.00	870610	
IL030084	830915	15,749,520.00	8,752,318.00	6,997,202.00	890322	
---- PROJECT IL030084 TOTAL ----		32,697,828.00	25,700,626.00	6,997,202.00		
IL030095	820624	9,293,600.00	8,892,889.00	400,711.00	890310	
IL030095	830915	1,060,800.00	0.00	1,060,800.00		
---- PROJECT IL030095 TOTAL ----		10,354,400.00	8,892,889.00	1,461,511.00		
IL030099	830915	1,677,600.00	1,272,088.00	405,512.00	890201	
---- PROJECT IL030099 TOTAL ----		1,677,600.00	1,272,088.00	405,512.00		
IL030108	850723	550,935.00	422,033.00	128,902.00	890201	
---- PROJECT IL030108 TOTAL ----		550,935.00	422,033.00	128,902.00		
IL030110	840928	5,923,161.00	265,744.00	5,657,417.00	890315	
IL030110	850723	780,054.00	0.00	780,054.00		
---- PROJECT IL030110 TOTAL ----		6,703,215.00	265,744.00	6,437,471.00		
IL030111	840928	8,565,555.00	8,565,555.00	0.00	870319	
IL030111	850723	9,378,975.00	2,585,272.00	6,793,703.00	890315	
---- PROJECT IL030111 TOTAL ----		17,944,530.00	11,150,827.00	6,793,703.00		
IL030116	851231	9,149,730.00	7,637,267.00	1,512,463.00	890308	
---- PROJECT IL030116 TOTAL ----		9,149,730.00	7,637,267.00	1,512,463.00		
IL030117	850930	21,928,050.00	1,883,530.00	18,646,670.00	890322	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% EXPENDED
---- PROJECT IL030117 TOTAL ----		21,928,050.00	1,883,530.00	18,040,670.00		
IL030124	861204	11,877,417.00	1,118,954.00	10,758,463.00	890317	
---- PROJECT IL030124 TOTAL ----		11,877,417.00	1,118,954.00	10,758,463.00		
IL030134	870924	3,124,995.00	1,291.00	3,123,704.00	890310	
---- PROJECT IL030134 TOTAL ----		3,124,995.00	1,291.00	3,123,704.00		
IL030135	860923	51,556,500.00	0.00	51,556,500.00		
IL030135	880923	49,200,000.00	0.00	49,200,000.00		
---- PROJECT IL030135 TOTAL ----		100,756,500.00	0.00	100,756,500.00		
CHICAGO TRANSIT AUTHORITY		431,443,632.00	255,603,226.00	174,442,556.00		80%
INDIANA STATE - NORTHERN IN						
IN030033	800918	15,000,000.00	15,000,000.00	0.00	840713	
IN030033	810504	20,000,000.00	20,000,000.00	0.00	840915	
IN030033	820322	18,277,680.00	18,227,176.18	50,503.82	890103	
---- PROJECT IN030033 TOTAL ----		53,277,680.00	53,227,176.18	50,503.82		
INDIANA STATE - NORTHERN IN		53,277,680.00	53,227,176.18	50,503.82		100%
MICHIGAN, STATE OF - SOUTH-						
MI030088	810915	4,500,000.00	42,421.00	561,614.00	840915	
---- PROJECT MI030088 TOTAL ----		4,500,000.00	42,421.00	561,614.00		
MICHIGAN, STATE OF - SOUTH-		4,500,000.00	42,421.00	561,614.00		45%

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SECTION   03

GRANTEE   LAST OBLIG. DATE                  OBLIGATIONS          PAYMENTS      UNLIQUIDATED   LAST DISB DATE       % [illegible]

CLEVELAND, CITY OF -
OH030054        800912                  45,800,000.00     45,800,000.00              0.00        841003
OH030054        810828                   9,000,000.00      9,000,000.00              0.00        841123
OH030054        820520                  16,763,040.00      9,865,120.00      6,897,920.00        890321
                                     ----------------- ----------------- -----------------
---- PROJECT OH030054 TOTAL ----        71,563,040.00     64,665,120.00      6,897,920.00

OH030062        810916                  38,000,000.00     38,000,000.00              0.00        881228
OH030062        820526                   1,236,960.00        800,838.80        436,121.20        890321
OH030062        830901                   9,938,448.00              0.00      9,938,448.00
OH030062        840914                   7,665,690.00              0.00      7,665,690.00
                                     ----------------- ----------------- -----------------
---- PROJECT OH030062 TOTAL ----        56,841,098.00     38,800,838.80     18,040,259.20

OH030093        850916                  11,347,500.00      4,664,594.00      6,682,906.00        890321
OH030093        860930                  11,347,500.00         23,503.00     11,323,997.00        880301
                                     ----------------- ----------------- -----------------
---- PROJECT OH030093 TOTAL ----        22,695,000.00      4,688,097.00     18,006,903.00

OH030097        850930                  16,212,000.00              0.00     16,212,000.00
                                     ----------------- ----------------- -----------------
---- PROJECT OH030097 TOTAL ----        16,212,000.00              0.00     16,212,000.00


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CLEVELAND, CITY OF -                   167,311,138.00    108,154,055.80     59,157,082.20                     87%
                                     ================= ================= =================
INDIANAPOLIS, CITY OF
IN030058        880930                     800,000.00              0.00        800,000.00
                                     ----------------- ----------------- -----------------
---- PROJECT IN030058 TOTAL ----           800,000.00              0.00        800,000.00


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INDIANAPOLIS, CITY OF                      800,000.00              0.00        800,000.00                     0%
                                     ================= ================= =================

CONNECTICUT, STATE OF
CT030013        810827                  20,000,000.00     20,000,000.00              0.00        861002
CT030013        820930                  20,000,000.00     13,344,371.50      3,155,628.50        890303
CT030013        840928                   4,800,000.00              0.00      4,800,000.00
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SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
---- PROJECT CT030013 TOTAL ----		44,800,000.00	33,344,371.50	7,955,628.50		
CT030050	870930	17,478,000.00	494,122.00	16,983,878.00	890303	
---- PROJECT CT030050 TOTAL ----		17,478,000.00	494,122.00	16,983,878.00		
CT030054	870930	9,561,750.00	4,697,302.00	4,864,448.00	890303	
---- PROJECT CT030054 TOTAL ----		9,561,750.00	4,697,302.00	4,864,448.00		
CT030057	881230	7,987,500.00	0.00	7,987,500.00		
---- PROJECT CT030057 TOTAL ----		7,987,500.00	0.00	7,987,500.00		
CT030058	881230	9,937,500.00	0.00	9,937,500.00		
---- PROJECT CT030058 TOTAL ----		9,937,500.00	0.00	9,937,500.00		
CT030059	881223	47,812,500.00	0.00	47,812,500.00		
---- PROJECT CT030059 TOTAL ----		47,812,500.00	0.00	47,812,500.00		
CT030060	881230	13,200,000.00	0.00	13,200,000.00		
---- PROJECT CT030060 TOTAL ----		13,200,000.00	0.00	13,200,000.00		
CT030061	881223	3,750,000.00	0.00	3,750,000.00		
---- PROJECT CT030061 TOTAL ----		3,750,000.00	0.00	3,750,000.00		
CT030063	881230	1,725,000.00	0.00	1,725,000.00		
---- PROJECT CT030063 TOTAL ----		1,725,000.00	0.00	1,725,000.00		
CT030064	881230	7,312,500.00	0.00	7,312,500.00		
---- PROJECT CT030064 TOTAL ----		7,312,500.00	0.00	7,312,500.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
CONNECTICUT, STATE OF		163,564,750.00	38,535,795.50	121,528,954.50		56%
MASSACHUSETTS BAY TRANSP						
MA030015	820331	11,100,644.00	8,879,839.54	2,220,804.46	880601	
---- PROJECT MA030015 TOTAL ----		11,100,644.00	8,879,839.54	2,220,804.46		
MA030019	810617	10,025,400.00	10,025,400.00	0.00	870730	
MA030019	820613	2,876,540.00	2,876,540.00	0.00	880211	
MA030019	840914	4,500,000.00	1,879,316.53	2,620,683.47	890317	
---- PROJECT MA030019 TOTAL ----		17,401,940.00	14,781,256.53	2,620,683.47		
MA030025	820625	1,364,048.00	1,078,713.63	285,334.37	880805	
---- PROJECT MA030025 TOTAL ----		1,364,048.00	1,078,713.63	285,334.37		
MA030043	800909	7,401,408.00	7,401,408.00	0.00	840915	
MA030043	820427	5,724,000.00	5,007,498.37	716,501.63	890207	
---- PROJECT MA030043 TOTAL ----		13,125,408.00	12,408,906.37	716,501.63		
MA030056	820525	11,240,652.00	11,240,652.00	0.00	851113	
MA030056	840914	24,921,957.00	24,547,366.89	374,590.11	890224	
---- PROJECT MA030056 TOTAL ----		36,162,609.00	35,788,018.89	374,590.11		
MA030057	810331	13,383,200.00	13,383,200.00	0.00	841123	
MA030057	820615	5,013,000.00	5,013,000.00	0.00	851113	
MA030057	840914	13,749,999.00	8,155,706.81	3,419,292.19	890321	
---- PROJECT MA030057 TOTAL ----		32,146,199.00	26,551,906.81	3,419,292.19		
MA030076	810626	4,700,000.00	2,981,566.19	1,718,433.81	890207	
---- PROJECT MA030076 TOTAL ----		4,700,000.00	2,981,566.19	1,718,433.81		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
MA030084	811104	5,430,648.00	5,430,648.00	0.00	850318	
MA030084	820628	1,669,352.00	1,669,352.00	0.00	860425	
MA030084	840914	800,250.00	597,441.42	202,808.56	881230	
---- PROJECT MA030084 TOTAL ----		7,900,250.00	7,697,441.42	202,808.58		
MA030085	800909	6,607,312.00	6,607,312.00	0.00	841003	
MA030085	810618	7,153,808.00	7,153,808.00	0.00	851001	
MA030085	830915	6,143,852.00	6,143,852.00	0.00	881114	
MA030085	840914	1,215,000.00	171,272.97	1,043,727.03	890310	
---- PROJECT MA030085 TOTAL ----		21,119,972.00	20,076,244.97	1,043,727.03		
MA030090	810618	3,999,999.00	3,999,999.00	0.00	870917	
---- PROJECT MA030090 TOTAL ----		3,999,999.00	3,999,999.00	0.00		
MA030099	830531	18,000,000.00	5,134,167.00	12,865,833.00	890317	
---- PROJECT MA030099 TOTAL ----		18,000,000.00	5,134,167.00	12,865,833.00		
MA030104	800908	2,500,000.00	2,035,387.16	464,612.84	860922	
---- PROJECT MA030104 TOTAL ----		2,500,000.00	2,035,387.16	464,612.84		
MA030106	800926	522,368.00	522,368.00	0.00	840915	
MA030106	820430	3,483,004.00	3,483,004.00	0.00	860827	
MA030106	830615	440,640.00	186,252.33	254,387.67	890207	
---- PROJECT MA030106 TOTAL ----		4,446,012.00	4,191,624.33	254,387.67		
MA030111	830615	4,350,000.00	4,350,000.00	0.00	870625	
MA030111	810828	5,762,512.00	5,762,512.00	0.00	841003	
MA030111	820625	1,074,056.00	1,074,056.00	0.00	841123	
MA030111	830531	3,450,000.00	3,450,000.00	0.00	861107	
MA030111	840914	3,038,370.00	2,159,884.04	878,485.96	881102	
---- PROJECT MA030111 TOTAL ----		17,674,938.00	16,796,452.04	878,485.96		
MA030122	830615	25,000,000.00	9,987,089.00	15,012,911.00	890207	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
---- PROJECT MA030122 TOTAL ----		25,600,000.00	9,987,089.00	15,612,911.00		
MA030123	830815	9,410,472.00	8,548,741.63	861,730.37	890303	
---- PROJECT MA030123 TOTAL ----		9,410,472.00	8,548,741.63	861,730.37		
MA030124	830815	940,000.00	739,265.00	200,735.00	881121	
---- PROJECT MA030124 TOTAL ----		940,000.00	739,265.00	200,735.00		
MA030128	840914	12,750,000.00	10,829,724.00	1,020,276.00	890207	
---- PROJECT MA030128 TOTAL ----		12,750,000.00	10,829,724.00	1,020,276.00		
MA030130	851213	6,568,500.00	4,840,676.00	1,727,824.00	890310	
---- PROJECT MA030130 TOTAL ----		6,568,500.00	4,840,676.00	1,727,824.00		
MA030131	851213	10,301,604.00	3,584,586.00	6,717,018.00	890207	
---- PROJECT MA030131 TOTAL ----		10,301,604.00	3,584,586.00	6,717,018.00		
MA030133	851213	14,925,480.00	11,948,678.00	2,976,802.00	890307	
---- PROJECT MA030133 TOTAL ----		14,925,480.00	11,948,678.00	2,976,802.00		
MA030134	850816	12,606,090.00	10,615,374.00	1,990,716.00	890303	
---- PROJECT MA030134 TOTAL ----		12,606,090.00	10,615,374.00	1,990,716.00		
MA030135	850227	12,325,950.00	12,123,594.00	202,356.00	890207	
---- PROJECT MA030135 TOTAL ----		12,325,950.00	12,123,594.00	202,356.00		
MA030137	860204	16,684,506.00	180.00	16,684,326.00	890209	
---- PROJECT MA030137 TOTAL ----		16,684,506.00	180.00	16,684,326.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
MA030139	870506	13,139,100.00	9,529,174.00	3,609,926.00	890317	
---- PROJECT MA030139 TOTAL ----		13,139,100.00	9,529,174.00	3,609,926.00		
MA030140	860929	16,123,884.00	9,204,891.00	6,918,993.00	890310	
---- PROJECT MA030140 TOTAL ----		16,123,884.00	9,204,891.00	6,918,993.00		
MA030143	860929	4,987,800.00	329,427.00	4,658,373.00	890223	
---- PROJECT MA030143 TOTAL ----		4,987,800.00	329,427.00	4,658,373.00		
MA030146	880630	8,250,000.00	317,859.00	7,932,141.00	890303	
MA030146	880630	15,225,000.00	0.00	15,225,000.00		
---- PROJECT MA030146 TOTAL ----		23,475,000.00	317,859.00	23,157,141.00		
MA030147	880630	9,630,000.00	15,989.00	9,614,011.00	890303	
MA030147	880630	4,500,000.00	0.00	4,500,000.00		
---- PROJECT MA030147 TOTAL ----		14,130,000.00	15,989.00	14,114,011.00		
MA030148	880630	13,748,625.00	9,927.00	13,738,698.00	890217	
---- PROJECT MA030148 TOTAL ----		13,748,625.00	9,927.00	13,738,698.00		
MASSACHUSETTS BAY TRANSP		399,359,030.00	255,026,698.51	141,257,331.49		89%
MARYLAND, STATE OF						
MD030026	811210	482,560.00	482,560.00	0.00	871021	
---- PROJECT MD030026 TOTAL ----		482,560.00	482,560.00	0.00		
MD030036	871223	9,813,750.00	0.00	9,813,750.00	880914	
---- PROJECT MD030036 TOTAL ----		9,813,750.00	0.00	9,813,750.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
MARYLAND, STATE OF		10,296,310.00	482,560.00	9,813,750.00		5%
CAMDEN, CITY OF DEPT						
NJ030018	830930	0.00	0.00	0.00	870701	
NJ030018	870701	2,542,688.00	2,542,688.00	0.00	870701	
NJ030018	833930	0.00	0.00	0.00	870701	
NJ030018	870701	4,557,312.00	4,518,536.90	38,775.10	871105	
---- PROJECT NJ030018 TOTAL ----		7,100,000.00	7,061,224.90	38,775.10		
CAMDEN, CITY OF DEPT		7,100,000.00	7,061,224.90	38,775.10		100%
DELAWARE RIVER PORT						
NJ030045	820812	3,800,000.00	3,800,000.00	0.00	850318	
NJ030045	830922	16,687,500.00	12,443,750.00	3,616,294.00	890320	
NJ030045	850930	627,456.00	0.00	627,456.00		
---- PROJECT NJ030045 TOTAL ----		21,114,956.00	16,243,750.00	4,243,750.00		
NJ030075	860930	21,900,000.00	1,473,236.00	20,426,764.00	890320	
---- PROJECT NJ030075 TOTAL ----		21,900,000.00	1,473,236.00	20,426,764.00		
DELAWARE RIVER PORT		43,014,956.00	17,716,986.00	24,670,514.00		44%
NEW JERSEY TRANSIT CORP						
NJ030032	810512	2,800,000.00	2,800,000.00	0.00	841003	
NJ030032	820825	15,825,964.00	15,098,188.00	727,776.00	890228	
---- PROJECT NJ030032 TOTAL ----		18,625,964.00	17,898,188.00	727,776.00		
NJ030036	831216	59,393,664.00	58,330,271.66	1,063,392.34	880126	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
---- PROJECT NJ030036 TOTAL ----		59,393,664.00	58,330,271.66	1,063,392.34		
NJ030044	820825	19,500,000.00	19,500,000.00	0.00	860616	
NJ030044	850930	38,080,086.00	38,080,086.00	0.00	890216	
NJ030044	851231	14,824,998.00	2,288,159.75	12,536,838.25	890309	
NJ030044	860930	8,919,915.00	0.00	8,919,915.00		
---- PROJECT NJ030044 TOTAL ----		81,324,999.00	59,868,245.75	21,456,753.25		
NJ030046	820827	29,800,000.00	29,142,982.00	657,018.00	871002	
---- PROJECT NJ030046 TOTAL ----		29,800,000.00	29,142,982.00	657,018.00		
NJ030053	820923	10,674,036.00	10,674,036.00	0.00	860402	
NJ030053	830915	15,699,820.00	15,699,820.00	0.00	871125	
---- PROJECT NJ030053 TOTAL ----		26,373,856.00	26,373,856.00	0.00		
NJ030056	830915	11,300,180.00	10,532,274.00	767,906.00	890216	
---- PROJECT NJ030056 TOTAL ----		11,300,180.00	10,532,274.00	767,906.00		
NJ030058	840926	39,199,998.00	39,199,998.00	0.00	861204	
NJ030058	851231	26,369,073.00	26,369,073.00	0.00	870924	
---- PROJECT NJ030058 TOTAL ----		65,569,071.00	65,569,071.00	0.00		
NJ030063	861028	20,000,001.00	396,085.00	19,603,916.00	880808	
---- PROJECT NJ030063 TOTAL ----		20,000,001.00	396,085.00	19,603,916.00		
NJ030065	870930	6,667,500.00	0.00	6,667,500.00		
---- PROJECT NJ030065 TOTAL ----		6,667,500.00	0.00	6,667,500.00		
NJ030067	881221	48,639,645.00	0.00	48,639,645.00		
---- PROJECT NJ030067 TOTAL ----		48,639,645.00	0.00	48,639,645.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
NJ030068	870930	19,597,500.00	10,566,644.00	9,030,856.00	890216	
---- PROJECT NJ030068 TOTAL ----		19,597,500.00	10,566,644.00	9,030,856.00		
NJ030074	861221	7,998,750.00	7,998,750.00	0.00	890303	
---- PROJECT NJ030074 TOTAL ----		7,998,750.00	7,998,750.00	0.00		
NEW JERSEY TRANSIT CORP		395,291,130.00	286,676,367.41	108,614,762.59		73%
NEW JERSEY, STATE OF						
NJ030006	800317	33,163,904.00	29,415,032.00	3,748,872.00	880324	
---- PROJECT NJ030006 TOTAL ----		33,163,904.00	29,415,032.00	3,748,872.00		
NJ030014	800922	76,881,980.00	76,881,980.00	0.00	841123	
NJ030014	810212	52,787,836.00	52,787,836.00	0.00	841123	
NJ030014	811224	20,000,000.00	20,000,000.00	0.00	841123	
NJ030014	830915	28,000,000.00	19,473,074.00	8,526,926.00	880324	
---- PROJECT NJ030014 TOTAL ----		177,669,816.00	169,142,890.00	8,526,926.00		
NEW JERSEY, STATE OF		210,833,720.00	198,557,922.00	12,275,798.00		98%
CAMBRIA COUNTY TRANSIT						
PA030141	830826	1,457,312.00	1,457,312.00	0.00	841003	
PA030141	820929	210,000.00	210,000.00	0.00	841003	
PA030141	840319	1,504,656.00	1,250,653.57	254,002.43	890320	
---- PROJECT PA030141 TOTAL ----		3,171,968.00	2,917,965.57	254,002.43		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
CAMBRIA COUNTY TRANSIT		3,171,968.00	2,917,965.57	254,002.43		91%
PHILADELPHIA, CITY OF						
PA030013	820930	40,000,000.00	40,000,000.00	0.00	840915	
PA030013	820930	16,000,000.00	16,000,000.00	0.00	841003	
PA030013	820930	28,400,000.00	28,400,000.00	0.00	860922	
PA030013	830930	14,060,484.00	14,060,484.00	0.00	871231	
PA030013	860115	2,776,689.00	2,464,779.68	311,909.32	881213	
---- PROJECT PA030013 TOTAL ----		101,237,173.00	100,925,263.68	311,909.32		
PA030043	800411	10,000,000.00	10,000,000.00	0.00	841003	
PA030043	810116	6,160,000.00	5,304,409.74	855,590.26	890201	
---- PROJECT PA030043 TOTAL ----		16,160,000.00	15,304,409.74	855,590.26		
PA030060	810421	2,400,000.00	2,400,000.00	0.00	841003	
PA030060	820914	3,200,000.00	3,200,000.00	0.00	841003	
PA030060	830728	6,400,000.00	6,235,334.06	164,665.94	881213	
---- PROJECT PA030060 TOTAL ----		12,000,000.00	11,835,334.06	164,665.94		
PA030074	810821	1,776,000.00	749,093.36	1,026,906.64	861219	
---- PROJECT PA030074 TOTAL ----		1,776,000.00	749,093.36	1,026,906.64		
PA030088	810826	176,000.00	176,000.00	0.00	850429	
PA030088	830811	1,664,800.00	1,625,327.58	39,472.42	871211	
---- PROJECT PA030088 TOTAL ----		1,840,800.00	1,801,327.58	39,472.42		
PA030103	820930	4,960,000.00	4,960,000.00	0.00	840915	
PA030103	820930	1,956,000.00	1,351,510.78	512,835.22	881128	
---- PROJECT PA030103 TOTAL ----		6,916,000.00	6,311,510.78	512,835.22		
PA030146	820924	200,000.00	199,491.00	509.00	880205	
PA030146	880930	2,850,000.00	0.00	2,850,000.00		
---- PROJECT PA030148 TOTAL ----		3,050,000.00	199,491.00	2,850,509.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
PA030150	820924	180,000.00	179,511.00	489.00	890131	
---- PROJECT PA030150 TOTAL ----		180,000.00	179,511.00	489.00		
PA030167	840927	5,428,785.00	518,051.00	4,910,734.00	881202	
---- PROJECT PA030167 TOTAL ----		5,428,785.00	518,051.00	4,910,734.00		
PHILADELPHIA, CITY OF		148,588,758.00	137,823,952.20	10,673,111.80		97%
PA030121	820629	5,552,800.00	5,552,800.00	0.00	880721	
---- PROJECT PA030121 TOTAL ----		5,552,800.00	5,552,800.00	0.00		
PA030122	810515	26,712,000.00	26,712,000.00	0.00	850607	
---- PROJECT PA030122 TOTAL ----		26,712,000.00	26,712,000.00	0.00		
PA030126	810821	3,040,000.00	1,981,428.00	1,058,572.00	890321	
---- PROJECT PA030126 TOTAL ----		3,040,000.00	1,981,428.00	1,058,572.00		
Southeastern Pennsykvania (SEPTA)		35,304,800.00	34,246,228.00	1,058,572.00		78%
ALLEGHENY COUNTY PORT PA030012	800805	13,000,000.00	13,000,000.00	0.00	840915	
---- PROJECT PA030012 TOTAL ----		13,000,000.00	13,000,000.00	0.00		
PA030059	800912	4,525,000.00	4,525,000.00	0.00	840713	
PA030059	810318	986,040.00	433,509.00	27,531.00	861204	
---- PROJECT PA030059 TOTAL ----		5,511,040.00	4,958,509.00	27,531.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
PA030086	810226	1,172,400.00	1,172,400.00	0.00	840915	
PA030086	811204	1,174,000.00	945,348.00	228,652.00	870604	
---- PROJECT PA030086 TOTAL ----		2,346,400.00	2,117,748.00	228,652.00		
PA030095	800911	49,350,000.00	49,350,000.00	0.00	840713	
PA030095	810109	90,650,000.00	90,650,000.00	0.00	870220	
PA030095	811204	80,000,000.00	80,000,000.00	0.00	841003	
PA030095	821210	50,000,000.00	50,000,000.00	0.00	881014	
PA030095	850424	0.00	0.00	0.00		
PA030095	831031	79,000,000.00	79,000,000.00	0.00	850821	
PA030095	850231	42,754,652.00	42,754,652.00	0.00	880624	
PA030095	870318	3,550,702.00	3,493,214.19	57,487.81	890222	
---- PROJECT PA030095 TOTAL ----		395,305,354.00	395,247,866.19	57,487.81		
ALLEGHENY COUNTY PORT		416,162,794.00	415,324,123.19	313,670.81		97%
NEW ORLEANS, CITY OF						
LA030040	851231	35,359,981.00	8,197,037.99	27,162,943.01	890314	
---- PROJECT LA030040 TOTAL ----		35,359,981.00	8,197,037.99	27,162,943.01		
LA030044	880623	2,630,251.00	1,291,522.83	1,338,728.17	890313	
---- PROJECT LA030044 TOTAL ----		2,630,251.00	1,291,522.83	1,338,728.17		
NEW ORLEANS, CITY OF		37,990,232.00	9,488,560.82	28,501,671.18		24% (2 projects)
DALLAS, CITY OF						
TX030121	880224	1,201,449.00	161,478.00	1,039,971.00	880927	
---- PROJECT TX030121 TOTAL ----		1,201,449.00	161,478.00	1,039,971.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
DALLAS, CITY OF		1,201,449.00	161,478.00	1,039,971.00		13%
CALIF. STATE DOT (CALTRANS)						1.0
CA030240	810904	8,890,000.00	8,890,000.00	0.00	850318	
CA030240	820910	15,199,400.00	15,199,400.00	0.00	851104	
CA030240	830811	22,200,000.00	22,200,000.00	0.00	850926	
CA030240	840613	18,862,500.00	18,709,503.93	609.07	880830	
---- PROJECT CA030240 TOTAL ----		65,151,900.00	64,998,903.93	609.07		
CA030315	820901	11,284,950.00	0.00	11,284,950.00		
---- PROJECT CA030315 TOTAL ----		11,284,950.00	0.00	11,284,950.00		
CALIF. STATE DOT (CALTRANS)		76,436,850.00	64,998,903.93	11,285,559.07		85%
SAN FRANCISCO, CITY OF						
CA030222	830730	0.00	-7.00	7.00	890320	
---- PROJECT CA030222 TOTAL ----		0.00	-7.00	7.00		
CA030235	810605	16,129,620.00	14,507,704.00	1,621,916.00	890127	
---- PROJECT CA030235 TOTAL ----		16,129,620.00	14,507,704.00	1,621,916.00		
CA030258	820813	4,487,200.00	4,395,477.00	91,723.00	890306	
---- PROJECT CA030258 TOTAL ----		4,487,200.00	4,395,477.00	91,723.00		
CA030309	870930	9,144,000.00	0.00	9,144,000.00		
---- PROJECT CA030309 TOTAL ----		9,144,000.00	0.00	9,144,000.00		
CA030333	880930	9,849,375.00	1,036.00	9,848,339.00	890306	
---- PROJECT CA030333 TOTAL ----		9,849,375.00	1,036.00	9,848,339.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
SAN FRANCISCO, CITY OF		39,610,195.00	18,904,210.00	20,705,985.00		85%
LONG BEACH, CITY OF						
NYU30155	840928	1,000,125.00	906,549.70	93,575.30	880831	
---- PROJECT NYU30155 TOTAL ----		1,000,125.00	906,549.70	93,575.30		
LONG BEACH, CITY OF		1,000,125.00	906,549.70	93,575.30		92%
NEW YORK METROPOLITAN						
NY030035	810929	10,692,700.00	9,776,882.38	915,817.62	890320	
NY030035	830630	15,000,000.00	0.00	15,000,000.00		
---- PROJECT NY030035 TOTAL ----		25,692,700.00	9,776,882.38	15,915,817.62		
NY030085	800731	6,899,600.00	6,899,600.00	0.00	880105	
NY030085	810528	3,303,000.00	2,685,911.60	617,088.40	890310	
---- PROJECT NY030085 TOTAL ----		10,202,600.00	9,585,511.60	617,088.40		
NY030096	820930	19,600,400.00	16,726,919.28	2,873,480.72	890320	
NY030096	820930	6,065,000.00	0.00	6,065,000.00		
---- PROJECT NY030096 TOTAL ----		25,665,400.00	16,726,919.28	8,938,480.72		
NY030144	830930	8,000,000.00	8,000,000.00	0.00	860117	
NY030144	840328	8,400,000.00	8,400,000.00	0.00	850327	
NY030144	840328	33,000,000.00	33,000,000.00	0.00	850926	
NY030144	840328	51,600,000.00	51,600,000.00	0.00	870626	
NY030144	840928	14,800,000.00	12,579,507.96	2,220,492.04	890320	
NY030144	851231	10,506,999.00	0.00	10,506,999.00		
---- PROJECT NY030144 TOTAL ----		126,306,999.00	113,639,507.96	12,727,491.04		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% [redacted]
NY030170	820924	5,000,000.00	3,886,643.24	1,113,356.76	890310	
---- PROJECT NY030170 TOTAL ----		5,000,000.00	3,886,643.24	1,113,356.76		
NY030192	840926	1,500,000.00	1,500,000.00	0.00	860616	
NY030192	850923	3,000,000.00	3,000,000.00	0.00	880610	
NY030192	860930	58,500,000.00	6,006,991.72	52,493,008.28	890320	
---- PROJECT NY030192 TOTAL ----		63,000,000.00	10,506,991.72	52,493,008.28		
NY030193	840926	4,376,545.00	4,376,545.00	0.00	860904	
NY030193	850923	12,944,969.00	12,944,969.00	0.00	870220	
NY030193	840925	86,019,065.00	86,019,065.00	0.00	880926	
NY030193	850923	57,930,031.00	22,537,376.87	35,392,654.13	890310	
---- PROJECT NY030193 TOTAL ----		161,270,610.00	125,877,955.87	35,392,654.13		
NY030194	840928	49,875,000.00	49,875,000.00	0.00	870211	
NY030194	851231	23,619,066.00	23,619,066.00	0.00	870911	
NY030194	860303	29,120,934.00	25,024,504.23	4,096,429.77	890320	
---- PROJECT NY030194 TOTAL ----		102,615,000.00	98,518,570.23	4,096,429.77		
NY030203	850517	6,499,998.00	3,691,981.39	2,808,016.61	890310	
---- PROJECT NY030203 TOTAL ----		6,499,998.00	3,691,981.39	2,808,016.61		
NY030204	850619	18,750,000.00	14,485,304.60	4,264,695.40	880912	
---- PROJECT NY030204 TOTAL ----		18,750,000.00	14,485,304.60	4,264,695.40		
NY030213	850930	13,339,344.00	13,339,344.00	0.00	880304	
NY030213	850930	48,823,356.00	32,961,920.10	15,861,435.90	890320	
---- PROJECT NY030213 TOTAL ----		62,162,700.00	46,301,264.10	15,861,435.90		
NY030218	861201	57,504,612.00	24,899,953.65	32,604,658.35	890320	
NY030218	870930	2,495,388.00	0.00	2,495,388.00		
---- PROJECT NY030218 TOTAL ----		60,000,000.00	24,899,953.65	35,100,046.35		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% EXPENDED
NY030220	880930	12,059,025.00	0.00	12,059,025.00		
---- PROJECT NY030220 TOTAL ----		12,059,025.00	0.00	12,059,025.00		
NY030229	870930	57,282,075.00	995,855.65	56,286,219.35	890320	
---- PROJECT NY030229 TOTAL ----		57,282,075.00	995,855.65	56,286,219.35		
NY030230	870930	2,719,500.00	1,638,202.23	1,081,297.77	890320	
---- PROJECT NY030230 TOTAL ----		2,719,500.00	1,638,202.23	1,081,297.77		
NY030238	880930	1,852,500.00	1,431,678.49	420,821.51	890223	
---- PROJECT NY030238 TOTAL ----		1,852,500.00	1,431,678.49	420,821.51		
NY030239	890131	1,268,175.00	0.00	1,268,175.00		
NY030239	890131	60,000,000.00	0.00	60,000,000.00		
NY030239	890131	135,000,000.00	0.00	135,000,000.00		
---- PROJECT NY030239 TOTAL ----		196,268,175.00	0.00	196,268,175.00		
NEW YORK METROPOLITAN		937,407,282.00	481,963,222.39	455,444,059.61		95%
NASSAU COUNTY PLANNING						
NY030224	870930	1,502,676.00	72,615.00	1,430,061.00	880913	
---- PROJECT NY030224 TOTAL ----		1,502,676.00	72,615.00	1,430,061.00		
NY030225	870930	123,750.00	5,174.00	118,576.00	880314	
---- PROJECT NY030225 TOTAL ----		123,750.00	5,174.00	118,576.00		
NASSAU COUNTY PLANNING		1,626,426.00	77,789.00	1,548,637.00		9% (2 projects)

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
NEW YORK CITY TRANSP						
NY030045	820930	25,000,000.00	19,084,627.02	5,915,372.98	890308	
NY030045	820930	7,800,000.00	0.00	7,800,000.00		
---- PROJECT NY030045 TOTAL ----		32,800,000.00	19,084,627.02	13,715,372.98		
NY030051	800731	40,008,000.00	40,008,000.00	0.00	841003	
NY030051	811216	29,600,000.00	22,364,804.00	0.00	841123	
NY030051	820412	59,680,000.00	32,725,352.73	13,615,303.27	890301	
---- PROJECT NY030051 TOTAL ----		129,288,000.00	95,098,156.73	13,615,303.27		
NY030074	800930	8,000,000.00	5,009,152.11	2,990,847.89	890123	
---- PROJECT NY030074 TOTAL ----		8,000,000.00	5,009,152.11	2,990,847.89		
NY030120	800703	72,900,000.00	64,548,188.85	8,351,811.15	890308	
---- PROJECT NY030120 TOTAL ----		72,900,000.00	64,548,188.85	8,351,811.15		
NY030122	800902	27,652,000.00	21,887,906.41	5,764,093.59	890308	
NY030122	850628	0.00	0.00	0.00		
NY030122	820930	21,152,000.00	0.00	0.00		
---- PROJECT NY030122 TOTAL ----		48,804,000.00	21,887,906.41	5,764,093.59		
NY030130	820930	23,000,000.00	14,842,375.38	8,157,624.62	890217	
NY030130	820930	1,278,400.00	0.00	1,278,400.00		
---- PROJECT NY030130 TOTAL ----		24,278,400.00	14,842,375.38	9,436,024.62		
NY030132	820930	21,440,000.00	20,080,971.98	1,359,028.02	890308	
---- PROJECT NY030132 TOTAL ----		21,440,000.00	20,080,971.98	1,359,028.02		
NY030140	820408	200,969,600.00	191,886,859.30	6,990,984.70	890308	
---- PROJECT NY030140 TOTAL ----		200,969,600.00	191,886,859.30	6,990,984.70		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% [illegible]
NY030147	810904	2,000,000.00	1,963,653.22	36,346.78	880808	
---- PROJECT NY030147 TOTAL ----		2,000,000.00	1,963,653.22	36,346.78		
NY030150	820812	116,020,000.00	108,106,941.39	7,913,058.61	890308	
---- PROJECT NY030150 TOTAL ----		116,020,000.00	108,106,941.39	7,913,058.61		
NY030151	840926	230,000,000.00	158,881,110.43	22,295,533.57	890308	
---- PROJECT NY030151 TOTAL ----		230,000,000.00	158,881,110.43	22,295,533.57		
NY030197	840928	30,478,952.00	23,486,737.32	6,992,214.68	890320	
---- PROJECT NY030197 TOTAL ----		30,478,952.00	23,486,737.32	6,992,214.68		
NEW YORK CITY TRANSP		916,978,952.00	724,876,680.14	99,460,619.86		96%
SUFFOLK CO. DEPT. OF TRANS NY030233	880930	3,630,000.00	0.00	3,630,000.00		
---- PROJECT NY030233 TOTAL ----		3,630,000.00	0.00	3,630,000.00		
SUFFOLK CO. DEPT. OF TRANS		3,630,000.00	0.00	3,630,000.00		0%
HUNTINGTON, TOWN OF NY030235	860930	375,000.00	0.00	375,000.00		
---- PROJECT NY030235 TOTAL ----		375,000.00	0.00	375,000.00		
HUNTINGTON, TOWN OF		375,000.00	0.00	375,000.00		0%

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% [illegible]
WESTCHESTER COUNTY DEPT. OF						
NY030231	860630	1,086,750.00	0.00	1,086,750.00		
---- PROJECT NY030231 TOTAL ----		1,086,750.00	0.00	1,086,750.00		
WESTCHESTER COUNTY DEPT. OF		1,030,750.00	0.00	1,086,750.00		08
REGIONAL TRANSP AUTHORITY						
IL030065	800815	3,908,860.00	3,908,860.00	0.00	860224	
IL030065	820813	1,550,348.00	993,652.32	556,695.68	890316	
IL030065	830906	1,173,980.00	0.00	1,173,980.00		
---- PROJECT IL030065 TOTAL ----		6,633,188.00	4,902,512.32	1,730,675.68		
IL030067	820915	24,800,000.00	24,800,000.00	0.00	840915	
IL030067	830417	4,289,885.93	3,701,346.07	294,269.93	880406	
---- PROJECT IL030067 TOTAL ----		29,089,885.93	28,501,346.07	294,269.93		
IL030073	800919	15,737,476.00	15,737,476.00	0.00	841003	
IL030073	810528	8,223,500.00	4,746,366.21	3,477,133.79	890316	
IL030073	820901	1,708,000.00	0.00	1,708,000.00		
IL030073	830920	702,480.00	0.00	702,480.00		
---- PROJECT IL030073 TOTAL ----		26,371,456.00	20,483,842.21	5,887,613.79		
IL030076	800919	4,602,496.00	4,602,496.00	0.00	841003	
IL030076	810828	11,896,000.00	11,896,000.00	0.00	880210	
IL030076	830915	8,402,960.00	4,304,550.96	4,098,409.04	890316	
---- PROJECT IL030076 TOTAL ----		24,901,456.00	20,803,046.96	4,098,409.04		
IL030085	810529	27,209,040.00	27,209,040.00	0.00	840915	
IL030085	820623	19,984,800.00	19,984,800.00	0.00	841003	
IL030085	821210	10,393,600.00	4,500,875.22	5,892,724.78	890316	
---- PROJECT IL030085 TOTAL ----		57,587,440.00	51,694,715.22	5,892,724.78		

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SECTION   03

GRANTEE   LAST OBLIG. DATE                 OBLIGATIONS          PAYMENTS      UNLIQUIDATED   LAST DISB DATE        % ENCUMBERED

IL030089        810828                  8,871,140.00      7,941,777.28        929,362.72       890316
IL030089        820915                  3,685,360.00              0.00      3,685,360.00
                                    ----------------- ----------------- -----------------
---- PROJECT IL030089 TOTAL ----       12,556,500.00      7,941,777.28      4,614,722.72

IL030093        830915                    194,332.00        194,332.00              0.00       840915
IL030093        830915                  2,594,148.00      2,594,148.00              0.00       841003
IL030093        820915                 16,834,344.00     13,988,963.82      2,845,380.18       890316
                                    ----------------- ----------------- -----------------
---- PROJECT IL030093 TOTAL ----       19,622,824.00     16,777,443.82      2,845,380.18

IL030101        830915                  7,324,000.00      5,379,804.41      1,944,195.59       890316
                                    ----------------- ----------------- -----------------
---- PROJECT IL030101 TOTAL ----        7,324,000.00      5,379,804.41      1,944,195.59

IL030102        830915                    411,520.00        411,520.00              0.00       850318
IL030102        830915                 15,489,380.00     15,489,380.00              0.00       870908
IL030102        870429                 22,500,000.00     11,100,097.26        149,902.74       880418
                                    ----------------- ----------------- -----------------
---- PROJECT IL030102 TOTAL ----       38,400,900.00     27,000,997.26        149,902.74

IL030113        840928                  1,500,000.00      1,500,000.00              0.00       870518
IL030113        850406                  2,136,000.00        833,664.86      1,302,335.14       890228
                                    ----------------- ----------------- -----------------
---- PROJECT IL030113 TOTAL ----        3,636,000.00      2,333,664.86      1,302,335.14


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REGIONAL TRANSP AUTHORITY             226,123,649.93    185,819,150.41     28,760,229.59                           88%
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CHICAGO, CITY OF
IL030125        870529                    499,950.00              0.00        499,950.00
                                    ----------------- ----------------- -----------------
---- PROJECT IL030125 TOTAL ----          499,950.00              0.00        499,950.00


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CHICAGO, CITY OF                          499,950.00              0.00        499,950.00                           81%
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SECTION   03

GRANTEE   LAST OBLIG. DATE                      OBLIGATIONS         PAYMENTS        UNLIQUIDATED   LAST DISB DATE        % [redacted]

SOUTHEASTERN PENNSYLVANIA
PA030050        811215                        6,731,800.00      6,681,822.30         49,977.70       890314
                                          ----------------- ----------------- -----------------
---- PROJECT PA030050 TOTAL ----              6,731,800.00      6,681,822.30         49,977.70

PA030100        820930                        8,000,000.00      7,333,809.00        666,191.00       871014
PA030100        830930                          400,000.00              0.00        400,000.00
                                          ----------------- ----------------- -----------------
---- PROJECT PA030100 TOTAL ----              8,400,000.00      7,333,809.00      1,066,191.00

PA030106        800723                        8,000,000.00      6,440,213.00      1,559,787.00       890314
                                          ----------------- ----------------- -----------------
---- PROJECT PA030106 TOTAL ----              8,000,000.00      6,440,213.00      1,559,787.00

PA030110        800605                        1,000,000.00      1,000,000.00              0.00       840915
PA030110        810622                        4,800,000.00      4,800,000.00              0.00       850910
PA030110        830604                        4,800,000.00      4,800,000.00              0.00       860528
PA030110        840912                        6,000,000.00      5,215,927.00        784,073.00       890314
                                          ----------------- ----------------- -----------------
---- PROJECT PA030110 TOTAL ----             16,600,000.00     15,815,927.00        784,073.00

PA030121        810930                          240,000.00        240,000.00              0.00       841003
PA030121        840810                        3,450,000.00      1,934,826.00      1,515,174.00       890321
                                          ----------------- ----------------- -----------------
---- PROJECT PA030121 TOTAL ----              3,690,000.00      2,174,826.00      1,515,174.00

PA030122        830930                        8,200,000.00      8,200,000.00              0.00       860728
PA030122        820610                        3,326,000.00      3,326,000.00              0.00       850828
PA030122        830806                        5,520,000.00      4,786,790.00        733,210.00       890321
                                          ----------------- ----------------- -----------------
---- PROJECT PA030122 TOTAL ----             17,046,000.00     16,312,790.00        733,210.00

PA030125        810821                        1,200,000.00        953,647.00        246,353.00       890321
                                          ----------------- ----------------- -----------------
---- PROJECT PA030125 TOTAL ----              1,200,000.00        953,647.00        246,353.00

PA030134        820812                        3,063,200.00      2,310,338.00        752,862.00       890314
                                          ----------------- ----------------- -----------------
---- PROJECT PA030134 TOTAL ----              3,063,200.00      2,310,338.00        752,862.00
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SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	[redacted]
PA030138	820613	1,600,000.00	1,475,690.00	124,310.00	880913	
---- PROJECT PA030138 TOTAL ----		1,600,000.00	1,475,690.00	124,310.00		
PA030142	820813	200,000.00	200,000.00	0.00	850715	
PA030142	830804	2,000,000.00	2,000,000.00	0.00	880729	
PA030142	851231	7,631,250.00	3,608,446.00	4,022,804.00	890321	
---- PROJECT PA030142 TOTAL ----		9,831,250.00	5,808,446.00	4,022,804.00		
PA030147	820913	9,200,000.00	9,063,454.00	136,546.00	881116	
---- PROJECT PA030147 TOTAL ----		9,200,000.00	9,063,454.00	136,546.00		
PA030155	830804	2,800,000.00	2,452,951.00	347,049.00	890314	
---- PROJECT PA030155 TOTAL ----		2,800,000.00	2,452,951.00	347,049.00		
PA030156	830815	14,160,000.00	13,651,106.00	508,894.00	890321	
---- PROJECT PA030156 TOTAL ----		14,160,000.00	13,651,106.00	508,894.00		
PA030157	830815	3,040,000.00	506,793.00	2,533,207.00	890314	
---- PROJECT PA030157 TOTAL ----		3,040,000.00	506,793.00	2,533,207.00		
PA030158	830606	1,200,000.00	1,106,942.00	93,058.00	890314	
---- PROJECT PA030158 TOTAL ----		1,200,000.00	1,106,942.00	93,058.00		
PA030159	830815	480,000.00	480,000.00	0.00	870211	
PA030159	851108	5,775,000.00	4,588,881.00	1,186,119.00	890321	
---- PROJECT PA030159 TOTAL ----		6,255,000.00	5,068,881.00	1,186,119.00		
PA030161	830808	320,000.00	320,000.00	0.00	860210	
PA030161	840810	4,875,000.00	4,875,000.00	0.00	890126	
---- PROJECT PA030161 TOTAL ----		5,195,000.00	5,195,000.00	0.00		
PA030162	830930	29,658,956.00	29,658,956.00	0.00	880419	
PA030162	840731	22,500,000.00	22,500,000.00	0.00	890228	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
PA030162	851231	22,500,000.00	566,092.00	19,686,863.00	890321	
PA030162	860930	22,500,000.00	0.00	0.00		
---- PROJECT PA030162 TOTAL ----		97,158,956.00	52,725,048.00	19,686,863.00		
PA030163	830809	1,320,000.00	1,298,666.00	21,334.00	881021	
---- PROJECT PA030163 TOTAL ----		1,320,000.00	1,298,666.00	21,334.00		
PA030168	840720	2,299,998.00	1,989,885.00	310,113.00	890321	
PA030168	880930	11,250,000.00	0.00	11,250,000.00		
---- PROJECT PA030168 TOTAL ----		13,549,998.00	1,989,885.00	11,560,113.00		
PA030169	840810	6,907,500.00	5,170,325.00	1,737,175.00	880915	
---- PROJECT PA030169 TOTAL ----		6,907,500.00	5,170,325.00	1,737,175.00		
PA030173	840913	3,750,000.00	3,409,691.00	340,309.00	880729	
---- PROJECT PA030173 TOTAL ----		3,750,000.00	3,409,691.00	340,309.00		
PA030177	840810	3,375,000.00	3,147,001.00	227,999.00	890314	
---- PROJECT PA030177 TOTAL ----		3,375,000.00	3,147,001.00	227,999.00		
PA030178	840810	3,807,627.00	3,204,550.00	603,077.00	881005	
---- PROJECT PA030178 TOTAL ----		3,807,627.00	3,204,550.00	603,077.00		
PA030179	851231	3,975,000.00	49,364.00	3,925,636.00	890321	
---- PROJECT PA030179 TOTAL ----		3,975,000.00	49,364.00	3,925,636.00		
PA030184	851231	3,800,000.00	2,120,738.00	1,679,262.00	890314	
---- PROJECT PA030184 TOTAL ----		3,800,000.00	2,120,738.00	1,679,262.00		
PA030185	860925	3,375,000.00	3,152,481.00	222,519.00	890314	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% EXPENDED
---- PROJECT PA030185 TOTAL ----		3,375,000.00	3,152,481.00	222,519.00		
PA030186	851231	3,375,000.00	772,283.00	2,602,717.00	890321	
---- PROJECT PA030186 TOTAL ----		3,375,000.00	772,283.00	2,602,717.00		
PA030187	850930	6,000,000.00	5,676,520.00	323,480.00	890321	
---- PROJECT PA030187 TOTAL ----		6,000,000.00	5,676,520.00	323,480.00		
PA030188	851231	5,625,000.00	37,002.00	5,587,998.00	890314	
---- PROJECT PA030188 TOTAL ----		5,625,000.00	37,002.00	5,587,998.00		
PA030190	870527	24,113,435.00	12,273,021.00	11,840,414.00	890321	
PA030190	870527	20,886,565.00	5,796.00	20,880,769.00	880602	
PA030190	860930	11,250,000.00	0.00	11,250,000.00		
---- PROJECT PA030190 TOTAL ----		56,250,000.00	12,278,817.00	43,971,183.00		
PA030191	860925	10,000,000.00	4,306,465.00	5,693,535.00	890321	
---- PROJECT PA030191 TOTAL ----		10,000,000.00	4,306,465.00	5,693,535.00		
PA030193	830325	7,500,000.00	2,108,198.00	5,391,802.00	890321	
---- PROJECT PA030193 TOTAL ----		7,500,000.00	2,108,198.00	5,391,802.00		
PA030194	880930	7,875,000.00	0.00	7,875,000.00		
---- PROJECT PA030194 TOTAL ----		7,875,000.00	0.00	7,875,000.00		
PA030195	870930	7,500,000.00	216,224.00	7,283,776.00	890321	
PA030195	880930	7,125,000.00	0.00	7,125,000.00		
---- PROJECT PA030195 TOTAL ----		14,625,000.00	216,224.00	14,408,776.00		
PA030202	860930	5,700,000.00	0.00	5,700,000.00		
---- PROJECT PA030202 TOTAL ----		5,700,000.00	0.00	5,700,000.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
SOUTHEASTERN PENNSYLVANIA		375,981,331.00	204,015,893.30	147,218,392.70		78%
SAN FRANCISCO BAY AREA						
CA030116	800915	3,448,800.00	3,448,800.00	0.00	841003	
CA030116	811217	8,830,400.00	8,526,191.00	304,209.00	890123	
---- PROJECT CA030116 TOTAL ----		12,279,200.00	11,974,991.00	304,209.00		
CA030173	810618	3,200,000.00	2,811,548.00	388,452.00	890216	
---- PROJECT CA030173 TOTAL ----		3,200,000.00	2,811,548.00	388,452.00		
CA030187	800909	1,302,720.00	1,302,720.00	0.00	860206	
CA030187	810619	9,079,680.00	9,079,680.00	0.00	861204	
CA030187	820813	6,672,000.00	6,652,984.00	19,016.00	890216	
---- PROJECT CA030187 TOTAL ----		17,054,400.00	17,035,384.00	19,016.00		
CA030218	800828	4,104,000.00	3,395,558.00	708,442.00	890123	
---- PROJECT CA030218 TOTAL ----		4,104,000.00	3,395,558.00	708,442.00		
CA030220	800828	5,415,200.00	5,415,200.00	0.00	881216	
CA030220	810929	4,400,000.00	3,445,757.00	954,243.00	890123	
---- PROJECT CA030220 TOTAL ----		9,815,200.00	8,860,957.00	954,243.00		
CA030231	810902	6,700,000.00	6,700,000.00	0.00	881108	
CA030231	820929	14,378,988.00	14,378,988.00	0.00	870309	
CA030231	830515	26,000,000.00	26,000,000.00	0.00	880301	
CA030231	840827	25,999,998.00	25,999,998.00	0.00	881122	
CA030231	850926	25,999,998.00	9,835,104.00	16,164,894.00	890322	
CA030231	860925	13,926,000.00	0.00	13,926,000.00		
---- PROJECT CA030231 TOTAL ----		113,004,984.00	82,914,090.00	30,090,894.00		
CA030293	830927	7,900,000.00	7,900,000.00	0.00	860728	
CA030293	840928	10,968,750.00	10,968,750.00	0.00	870713	
CA030293	851231	18,990,000.00	17,312,435.00	1,677,565.00	890320	

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
CA030293	860930	14,079,000.00	0.00	7,704,000.00		
---- PROJECT CA030293 TOTAL ----		51,937,750.00	36,181,185.00	9,361,565.00		
CA030321	870924	4,854,000.00	2,791,102.00	2,062,898.00	890322	
---- PROJECT CA030321 TOTAL ----		4,854,000.00	2,791,102.00	2,062,898.00		
CA030325	870625	8,029,000.00	891,008.00	7,137,992.00	890216	
CA030325	870625	200.00	0.00	200.00		
---- PROJECT CA030325 TOTAL ----		8,029,200.00	891,008.00	7,138,192.00		
CA030335	880930	12,480,750.00	0.00	12,480,750.00		
---- PROJECT CA030335 TOTAL ----		12,480,750.00	0.00	12,480,750.00		
CA033500	880927	1,420,017.00	0.00	1,420,017.00		
---- PROJECT CA033500 TOTAL ----		1,420,017.00	0.00	1,420,017.00		
SAN FRANCISCO BAY AREA		238,179,501.00	166,855,823.00	64,948,678.00		89%
WHITE PLAINS, CITY OF						
NY030146	810805	1,500,000.00	1,272,895.35	227,104.65	880812	
NY030146	851231	1,100,001.00	0.00	1,100,001.00		
---- PROJECT NY030146 TOTAL ----		2,600,001.00	1,272,895.35	1,327,105.65		
WHITE PLAINS, CITY OF		2,600,001.00	1,272,895.35	1,327,105.65		51%
NORTHERN VIRGINIA TRANSP.						
VA030035	880930	750,000.00	0.00	750,000.00		
---- PROJECT VA030035 TOTAL ----		750,000.00	0.00	750,000.00		

SECTION 03

GRANTEE	LAST OBLIG. DATE	OBLIGATIONS	PAYMENTS	UNLIQUIDATED	LAST DISB DATE	% ENCUMBERED
NORTHERN VIRGINIA TRANSP.		750,000.00	0.00	750,000.00		0%
REGIONAL TRANSP. AUTHORITY						
IL030106	840928	6,499,995.00	5,438,619.00	1,061,376.00	890202	
---- PROJECT IL030106 TOTAL ----		6,499,995.00	5,438,619.00	1,061,376.00		
IL030114	850408	1,251,000.00	1,249,037.92	1,962.08	890105	
---- PROJECT IL030114 TOTAL ----		1,251,000.00	1,249,037.92	1,962.08		
IL030115	850408	7,248,000.00	6,817,362.00	430,638.00	890203	
---- PROJECT IL030115 TOTAL ----		7,248,000.00	6,817,362.00	430,638.00		
IL030120	851231	19,314,396.00	16,465,081.00	2,849,315.00	890316	
---- PROJECT IL030120 TOTAL ----		19,314,396.00	16,465,081.00	2,849,315.00		
IL030126	861204	7,875,000.00	21.41	7,874,978.59	890215	
---- PROJECT IL030126 TOTAL ----		7,875,000.00	21.41	7,874,978.59		
IL030127	861204	7,142,250.00	619,933.00	6,522,317.00	890316	
---- PROJECT IL030127 TOTAL ----		7,142,250.00	619,933.00	6,522,317.00		
IL030129	861204	3,570,000.00	1,109.56	3,568,890.44	881003	
---- PROJECT IL030129 TOTAL ----		3,570,000.00	1,109.56	3,568,890.44		
IL030131	880930	9,393,805.00	2,158.00	9,391,647.00	890228	
IL030131	880930	1,856,195.00	0.00	1,856,195.00		
---- PROJECT IL030131 TOTAL ----		11,250,000.00	2,158.00	11,247,842.00		
IL030133	880321	7,140,000.00	867,164.00	6,272,836.00	890316	
IL030133	880930	16,171,500.00	0.00	16,171,500.00		
---- PROJECT IL030133 TOTAL ----		23,311,500.00	867,164.00	22,444,336.00		

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SECTION  03

GRANTEE   LAST OBLIG. DATE                 OBLIGATIONS           PAYMENTS        UNLIQUIDATED   LAST DISB DATE      % [redacted]

IL030138        880802                    8,188,500.00           2,370.00        8,186,130.00        890228
                                     ----------------- -----------------  -----------------
---- PROJECT IL030138 TOTAL ----          8,188,500.00           2,370.00        8,186,130.00

IL030141        880930                    8,888,250.00              35.00        8,888,215.00        881221
                                     ----------------- -----------------  -----------------
---- PROJECT IL030141 TOTAL ----          8,888,250.00              35.00        8,888,215.00

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REGIONAL TRANSP. AUTHORITY              104,538,891.00      31,462,890.89       73,076,000.11                         88%
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REPORT GRAND TOTAL                    5,518,357,250.93 3,76[illegible]726,530.05    1,606,057,441.95          375

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SENATOR LAUTENBERG: List the amount and percent distribution of rail modernization funds for Fiscal Years 1987, 1988 and 1989. Along with this, provide the amount and percent of its Section 9 funds each area spent on rail modernization for the same period of time.

ANSWER: The information follows (Fiscal Year 1989 data is preliminary at this time and is not included):

(IN MILLIONS OF DOLLARS)

UZA (GRANTEE)	////// SEC 3	% OF OBL.	FY 87 FORM.	% OF OBL.	/////// TOTAL	////// SEC 3	% OF OBL.	FY 88 FORM.	% OF OBL.	//////// TOTAL
BOSTON, MA (MBTA)	13.1	4%	34.8	6%	47.9	51.4	14%	32.2	5%	83.6
NEW YORK (MTA/NYCTA)	120.2	38%	365.2	60%	485.4	20.4	6%	431.0	61%	451.4
NE NEW JERSEY (NJT)	46.3	15%	25.6	4%	71.9	0	0%	59.3	8%	59.3
SW CONNECTICUT (CONNDOT)	27.0	8%	1.4	0%	28.4	0	0%	8.0	1%	8.0
PHILADELPHIA, PA (SEPTA, DRPA)	52.5	16%	45.3	7%	97.84	75.5	21%	39.3	6%	114.8
PITTSBURGH, PA (PAT)	3.6	1%	14.6	2%	18.2	0	0%	2.4	0%	2.4
CHICAGO, IL (CTA/CRD, NIRPC)	34.1	11%	67.5	11%	101.6	152.4	42%	77.9	11%	230.3
CLEVELAND, OH (GCRTA)	0	0%	6.6	1%	6.6	16.2	4%	0.3	0%	16.5
SAN FRANCISCO, CA (MUNI, BART, CALTRANS)	22.0	7%	21.8	4%	43.8	35.0	10%	24.3	3%	59.3
OTHERS	0	0%	25.8	4%	25.8	15.2	4%	33.7	5%	48.9
GRAND TOTALS	318.8	100%	608.6	100%	927.4	366.1	100%	708.4	100%	1,074.5

NEW STARTS

SENATOR LAUTENBERG: Congress has earmarked funds for 13 new start projects, but not all of the funding has been obligated. Would you please identify those projects that have not yet utilized all of the available funding and tell us what the problems are.

ANSWER: The information follows:

STATUS OF FY 1989 EARMARKED NEW STARTS

Atlanta (69.6 million)

- MARTA intends to use $40.8 million for the North Line (Chamblee to Doraville segment) and an additional $28.8 million for the East Line (Avondale to Indian Creek segment).

- UMTA executed full funding agreements for both these projects in June 1988. The application for the FY 1989 funds is due now and should be approved this fiscal year.

Baltimore ($5.9 million)

- Baltimore is seeking to begin alternatives analysis and preparation of draft EIS's for three corridors which are possible locations for extensions to the 22 mile Central LRT project. The project to be implemented by MTA is being designed and built entirely with $250 million in State and local funds. UMTA feels that their cost estimate is low. They have awarded a contract for $61 million to purchase 35 LRV's or a cost of $1.74 million per car. This is substantially higher than earlier estimates of the cost of procuring cars.

  UMTA intends to approve the three studies under the Secretary's Section 3 overmatch incentive. At this point, it appears MTA would only need approximately $40 million in Federal funds for these extensions.

Denver ($15.9 million)

- UMTA would provide $70 million of the estimated $200 million cost of the 6.6 mile, North I-25 bus/HOV and interstate reconstruction project. $37 million has already been earmarked for the project.

- AA and PE are nearing completion and we should be in a position to make a funding commitment this year. UMTA has begun initial discussions leading toward a full funding agreement, per congressional direction. The project with a CE index of $3.00 meets UMTA's threshold test for cost-effectiveness and the locals have developed an acceptable financial plan for the project.

Houston ($49.7 million)

- Houston is seeking over $540 million in Section 3 funds for their $1 billion, 15 mile LRT connector project. The project was included in the plan passed by the voters in their 1987 referendum.

- The project is still in AA but scheduled for completion in August 1989. There cost-effectiveness analysis is incomplete.

Jacksonville ($6.9 million)

- The 0.7 mile, 3 station, 2 vehicle starter line is scheduled to open for revenue service in May 1989. A full funding agreement for the line was signed in 1985. Negotiations have started on revising the agreement to include the remaining 1.8 mile segment. A decision to fund the $100 million segment should await the opening of the starter line. No comprehensive cost-effective analysis has been done for this project. Available patronage estimates are based on the expectation of significant new development. JTA has yet to develop cost-effectiveness indices and a local financial plan for the project. At this point, it does not appear that the project would be cost-effective.

Los Angeles ($147.2 million)

- Funds would be used for construction of MOS-2. Local decisions have not yet been made on the termini of this segment, and thus we do not know its ultimate cost. We have repeatedly asked LACTC to define MOS-2 so that we can continue negotiations on a full funding grant agreement.
- SCRTD is preparing a supplemental EIS for MOS-2. It intends to complete the EIS process this spring.
- Previous UMTA analyses showed an 18 mile segment of Metrorail to be cost-effective. These analyses are outdated due to changes in termini and costs, but we have no reason to believe that the project is no longer cost-effective.

Miami ($14.2 million)

- Dade County is proposing two extensions to their people mover system. UMTA's cost-effectiveness evaluation found that the two legs would have marginal transportation benefits, which are achieved at an excessively high cost. The combined cost-effectiveness index of $15.20 exceeds UMTA's $6 threshold by 2 1/2 times.
- Nevertheless, in accordance with congressional direction UMTA is negotiating a FFA with Dade County. The Board is expected to vote on the agreement shortly.

Northern New Jersey ($1.9 million)

- These funds were earmarked for the Newark people mover to the airport. As the result of a local decision, the waterfront project has received the region's top priority for potential Federal funding.
- The Newark project would be developed without Federal construction support. Earmarked funds will be used for detailed financial planning in an attempt to put together a non-Federal funding package.

Portland ($5.4 million)

- The funds would be used to buy land to build a new shopping center at the end of the LRT line in Gresham. Tri Met would lease the land to a developer who would build the center. Total cost of the project is about $19 million.
- The project may result in a slight increase in the use of transit. The percent of trips to shopping and/or office developments built adjacent to rail stations in similar low density, suburban environments generally averages at most 2-5 percent of the total traffic generated by the development.
- While we applaud the goal of using joint development to increase transit use and to help defray its cost, this would not be a particularly desirable project because of its low transit ridership potential.

- In short, UMTA funds would be used to support a major commercial development project with only a peripheral relationship to transit (in fact, UMTA funds would be used to buy land for suburban shopping center parking!)

St. Louis ($59.7 million)

- Funds are for construction of the 18 mile MetroLink LRT project between East St. Louis and Lambert Airport.
- A full funding agreement was signed in October 1988 and funds totaling $152 million were obligated. The project is in final design and is proceeding slowly.
- The project with a CE index of $8.95 did not meet UMTA's $6.00 threshold but the project was funded per congressional direction.

Salt Lake City ($49 million)

- The AA/EIS is still underway. The local schedule calls for the AA/EIS to be completed this summer.
- Using local number, the cost-effectiveness index for the LRT alternatives would be close to UMTA's cost-effective threshold of $6.00 per new rider, but UMTA staff believes the numbers are optimistic.
- Sources of funding for the local match and system operations has not yet been identified.

Seattle ($17.9 million)

- Funds would allow continued construction of the 1.3 mile bus tunnel. This would essentially complete UMTA funding under the full funding agreement.
- The project construction is proceeding on schedule with completion estimated in late 1990.
- With a CE index of $1.44 this project is one of the most cost-effective new start project that UMTA has funded.

Honolulu. (No earmark)

- The project is experiencing a complete turn over of local staff and is undergoing a major reorganization. Almost all work has stopped pending the reorganization. UMTA staff is meeting with the new staff this month and it is hoped that the project will be back on track shortly.
- The project is in alternatives analysis but the city seems to favor a 15 mile, $1.3 billion automated transit line. Cost-effectiveness information and a financial plan are likewise not yet available.

SENATOR LAUTENBERG: What is the total amount of requests or inquiries that UMTA now has pending in the "new start" category? What is the total amount of funds associated with these projects? Please submit your "pipeline" table, showing which ones are actually ready to proceed, i.e., could use Federal funds if they were made available.

ANSWER: A copy of the pipeline table is attached. As shown, there are currently 35 projects moving through the project development process (consisting of the alternatives analysis, preliminary engineering, final design, and construction stages.) Additional new start projects are being considered in 32 cities which are looking at fixed guideway alternatives in system planning.

The total cost (Federal and local) of the 35 projects is currently estimated to be some $18 billion, distributed as follows:

Under Construction	$ 3.2 billion	(18 percent)
Final Design	0.8 billion	(4 percent)
Preliminary Engineering	3.0 billion	(16 percent)
Alternatives Analysis	8.2 billion	(46 percent)
WMATA Completion (beyond 89 mi.)	2.7 billion	(16 percent)
	$17.9 billion	

If all of these projects ultimately seek Federal funding, the potential requests for Section 3 funding would total $10 billion.

Even if the new start program is funded at authorized levels of $400 to $500 million per year, there will be insufficient funds to accommodate many of these projects. Any Federal funds that are appropriated should be directed toward only the most meritorious projects.

URBAN MASS TRANSPORTATION ADMINISTRATION
NEW STARTS PIPELINE
ESTIMATED SECTION 3 FUNDING DEMAND ($ IN MILLIONS)

STAGE	PROJECT	CE INDEX	TOTAL COST (FEDERAL & LOCAL)	TOTAL SEC 3	OTHER FEDERAL	STATE/ LOCAL SHARE	SEC 3 OBS TO DATE 9-30-88	COSTS TO COMPLETE (SEC 3)	FY 1989 & PRIOR YEAR UNOBLIGATED EARMARKS	EST COMPLETION DATE (THIS PHASE)
UNDER CONSTRUCTION	1 ATLANTA-EAST EXT *	$5.00	$192	$135	$0	$57	$105	$29	$28.86	1993
	2 ATLANTA-NORTHEAST *	$5.95	$126	$84	$14	$28	$40	$44	$40.80	1992
	3 CHICAGO-SOUTHWEST *	NA	$410	$0	$349	$61	$0	$0		1993
	4 HOUSTON-NORTHWEST*		$105	$40	$27	$38	$40	$0		9/89
	5 HOUSTON-SOUTHWEST *	$4.73	$102	$62	$0	$40	$62	$0		1992
	6 JACKSONVILLE-ASE(0.7)*	NA	$32	$17	$7	$8	$17	$0	$1.80	5/89
	7 LOS ANGELES - MOS-1 *	$6.45	$1,250	$605	$91	$554	$605	$0		1993
	8 SAN DIEGO-EAST URBAN *	$2.84	$105	$20	$43	$42	$20	$0		7/89
	9 SANTA CLARA-GUADELUPE*	NA	$510	$206	$52	$252	$206	$0		1991
	10 SEATTLE-TUNNEL *	$1.44	$394	$197	$0	$197	$180	$17	$17.91	9/90
	SUBTOTAL		$3,226	$1,366	$583	$1,277	$1,275	$91	$89.36	
FINAL DESIGN	1 BALTIMORE-HOPKINS *	$13.71	$326	$0	$276	$50	$0	$0		1990
	2 HOUSTON-NORTH BUSWAY*	$4.94	$78	$47	$0	$31	$47	$0		1989
	3 ST. LOUIS *	$8.95	$384	$288	$2	$94	$152	$136		11/89
	4 WASHINGTON-LAST 14 MI*	NA	$2,700	$2,160	$0	$540	$0	$2,160		1990-1994
	SUBTOTAL		$3,488	$2,495	$278	$715	$199	$2,296	$0	
PRELIMINARY ENGINEERING	1 JACKSONVILLE EXT (1.8)	NA	$133	$100	$0	$33	$0	$100	$10.95	1990
	2 LOS ANGELES-MOS-2	NA	$2,195	$667	$0	$1,528	$0	$667	$188.76	2/89
	3 MIAMI DPM EXTENSIONS	$15.20	$248	$186	$0	$62	$0	$186	$151.46	COMPLETE
	4 PORTLAND-WESTSIDE *	NA	$400	$300	$0	$100	$0	$300		5/90
	SUBTOTAL		$2,976	$1,253	$0	$1,723	$0	$1,253	$351.17	

STAGE	PROJECT	CE INDEX	TOTAL COST (FEDERAL & LOCAL)	TOTAL SEC 3	OTHER FEDERAL	STATE/ LOCAL SHARE	SEC 3 OBS TO DATE 9-30-88	COSTS TO COMPLETE (SEC 3)	FY 1989 & PRIOR YEAR UNOBLIGATED EARMARKS	EST COMPLETION DATE (THIS PHASE)
ALTERNATIVES ANALYSIS	1 ATLANTA-NORTH	$8.50	$350	$263	$0	$88	$0	$263		7/89
	2 AUSTIN-NORTH CENTRAL	$21.00	$300	$225	$0	$75	$0	$225		9/89
	3 BOSTON-ORANGE REPL.	$26.30	$55	$40	$0	$15	$0	$40		6/89
	4 BUFFALO-AMHERST	NA	$400	$300	$0	$100	$0	$300		1991
	5 CLEVELAND-DUAL HUB	NA	$550	$275	$0	$275	$0	$275		5/89
	6 DALLAS-OAK CLIFF	$8.00	$325	$244	$0	$81	$0	$244		1990
	7 DENVER-NORTH I-25 *	$3.00	$200	$70	$64	$66	$0	$70	$36.50	COMPLETE
	8 HONOLULU	NA	$1,300	$650	$0	$650	$5	$645		1990
	9 HOUSTON-LOOP	$3.64	$1,000	$540	$0	$460	$0	$540	$49.75	8/89
	10 MINNEAPOLIS-UNIVERSITY	NA	$250	$188	$0	$63	$0	$188		1990
	11 NEW JERSEY-WATERFRONT	$6.17	$950	$713	$0	$237	$20	$693		1990
	12 NEW YORK-QUEENS	$0.87	$250	$125	$0	$125	$0	$125		1990
	13 ORANGE COUNTY, CA	NA	$100	$75	$0	$25	$0	$75		1990
	14 PITTSBURGH-SPINE LINE	$8.00	$500	$375	$0	$125	$0	$375		1990
	15 SAN JOSE-FREMONT	$10.00	$1,400	$1,050	$0	$350	$0	$1,050		1990
	16 SAN FRANCISCO-COLMA	$5.03	$101	$75	$0	$26	$0	$75		3/89
	17 SALT LAKE CITY (I-15)	$6.00	$200	$100	$0	$100	$0	$100	$8.56	6/89
	SUBTOTAL		$8,231	$5,307	$64	$2,860	$25	$5,282	$94.81	
	SUBTOTAL: UC,FD,PE,AA		$17,920	$10,420	$925	$6,575	$1,499	$8,921	$535	
	31 CITIES IN SYSTEM PLANNING		$25,498	$19,124	$0	$6,375	$0	$19,124		
	TOTAL		$43,418	$29,544	$925	$12,949	$1,499	$28,045	$535.34	

* PMO Contractor assigned to project.

SENATOR LAUTENBERG: Briefly describe UMTA's methodology for ranking new start projects.

ANSWER: A new start rating system was established in UMTA's 1984 Major Capital Investment Policy. If the Administration were proposing a Section 3 program for FY 1990, we would use the rating system to prepare our funding recommendations.

The new start rating system relies on two primary criteria: cost-effectiveness and local financial effort. Cost-effectiveness is used to identify those projects which are clearly superior, those with some merit, and those which are obviously least worthy. The position of projects within each group is then determined by considering the degree of local financial commitment.

Cost-effectiveness is measured with an index that is formed by dividing costs by benefits. We use transit ridership and travel time savings for existing riders as indicators of benefit. The costs and benefits of interest to us are the changes in capital and operating costs and the changes in ridership and travel time compared with lower cost alternatives.

The evaluation of local financial effort considers the magnitude of the non-Federal share, the strength of the capital financing plan, and the stability and reliability of the applicant's operating revenues.

UMTA has established cost-effectiveness thresholds to identify projects with sufficient merit to advance through the project development process. The threshold for entering preliminary engineering is currently set at $6 per new transit trip. The threshold value is based on a generous estimate of the operating cost, parking cost, and travel time savings for a typical auto commuter who shifts to a guideway transit mode of travel. The estimate was factored upward (multiplied by 2) to recognize the possibility of indirect benefits such as desirable land use change. UMTA is currently studying the threshold values to see if they should be updated.

SENATOR LAUTENBERG: Of the new start projects mentioned above as being ready to proceed, which ones pass and which ones fail UMTA's new start dollar per rider cost-effectiveness threshold?

ANSWER: Five projects in the pipeline do not now have a Federal funding commitment, but are close to completing all Federal requirements. These five should be in a position to seek a capital funding commitment before the end of FY 1990:

Denver	North I-25 Bus/HOV
Jacksonville	Skyway Express
Los Angeles	MOS-2
Miami	Metromover Extensions (Omni/Brickell)
San Francisco	Colma Station

Three of these projects meet the cost-effectiveness threshold of $6 per new rider: Denver, Los Angeles, and San Francisco. The Miami project, at over $15 per new trip, fails to achieve the threshold by a wide margin. We have no cost-effectiveness information on Jacksonville, but doubt it would meet the thresholds.

The Denver, Jacksonville, Los Angeles, and Miami projects have received earmarks in prior years, and full funding negotiations are underway.

SENATOR LAUTENBERG: List the amount of UMTA assisted rail mileage that opened in Fiscal Years 1987 and 1988 (include the city and segment description, from new start or other funds, including rail modernization, Section 9).

ANSWER: The information is provided below:

City	Segment Description	Federal Funding Source
San Jose, CA	**North Segment (6.7 miles)**	**Sec 3/Sec 9**
Atlanta, GA	**Lakewood to Fort McPherson (1.9 miles)** **Lenox to Chamblee (4.2 miles)**	**Sec 3/Sec 9**
Sacramento, CA	**Northeast/East lines (18.3 miles)**	**Interstate Transfer**
Baltimore, MD	**Reisterstown Plaza to Owings Mill (6 miles)**	**Interstate Transfer**

SENATOR LAUTENBERG: What projects are under construction (using UMTA funding)?

ANSWER: Nine new start projects are currently under construction with Section 3 funds:

Atlanta	East Extension
Atlanta	Northeast Extension
Houston	Northwest Transitway
Houston	Southwest Transitway
Jacksonville	Skyway Express(starter line)
Los Angeles	Metrorail (MOS-1)
San Diego	East Urban LRT
Santa Clara	Guadalupe LRT
Seattle	Bus Tunnel

One additional project is under construction with Interstate Transfer funds:

Chicago	Southwest Corridor

SENATOR LAUTENBERG: What is the current status of Baltimore's Central Light Rail project? What have been the problems and how are they being addressed? When does UMTA expect to award the $6 million fiscal year 1989 earmarked funds?

ANSWER: The State of Maryland has decided to construct a 22.5 mile light rail line from Dorsey Road in the south to Timonium Road in the north with entirely State and local funds. The MTA must complete a Federal Environmental Assessment on this line before the Corps of Engineers will give them the permits needed to proceed.

The State chose not to undertake UMTA's alternatives analysis/draft environmental impact assessment process for the 22.5 mile segment because Governor Schaefer wants the line to open for service in 1991, and there was a concern about unforeseen delays. Therefore, the State has decided to apply to UMTA for funds to study three extensions to the basic line. MTA plans to conduct AA/DEIS studies on extensions from Timonium Road to Hunt Valley in the north, Dorsey Road to Baltimore/Washington International Airport in the south and a spur to Pennsylvania Station in the central business district.

If, after the MTA completes alternatives analysis and preliminary engineering and complies with NEPA, and UMTA finds these extensions to be cost-effective, the State will be eligible to receive Section 3 discretionary funds for construction. Once this work begins, we expect the MTA to be able to complete it in approximately a year.

The $6 million earmarked funds will be used partly for the environmental analyses and possibly construction.

We are waiting for a Section 3 grant application for the environmental analyses of the three extensions. The Mass Transit Administration has provided UMTA with documentation that demonstrates that the base LRT line is independent of the extensions from an environmental impact perspective, thus allowing us to proceed.

INTERSTATE

SENATOR LAUTENBERG: The budget proposes funding the interstate transfer-transit grant program out of the Highway Trust Fund's $740 million contract authority. The transit effort would then have to compete with highway interests and be subject to the obligation ceiling. Has UMTA ever done an analysis of how transit would fare dollar-wise under such a proposal?

ANSWER: We do not anticipate that our proposal would affect the levels of transit or highway transfer funding. The transit/highway split is a local decision, and states and localities have already made this transit/highway decision on their substitute projects. Whether the funding source is derived from general funds or trust should have no effect on local programming decisions.

Fully funding the transit program from the Highway Trust Fund will extend the expected completion of the Interstate program by only one year, from 1993 to 1994.

SENATOR LAUTENBERG: If the Reagan budget is rejected, what is UMTA's recommendation for Interstate funding?

ANSWER: If funding for the Interstate Transfer Grant-Transit program is not shifted to the Highway Account of the Highway Trust Fund, we would recommend no funding for this program in FY 1990.

The reason is that, in order to reduce the deficit, the amount of general funds used by the UMTA program must be reduced, if not eliminated.

SENATOR LAUTENBERG: In the fiscal year 1989 Senate Appropriations bill, $100 million in transit trust fund resources were appropriated for the Interstate Transfer Grant - Transit program. This proposal was deleted in conference. In fiscal year 1990, UMTA proposes to fund Interstate from the highway trust fund. Would UMTA support funding for the Interstate Transfer Grant - Transit program from the transit trust fund resource? If yes, why, if no, why not?

ANSWER: No, UMTA would not support funding the Interstate Transfer Grants--Transit Program from the Transit Trust Fund. We believe that in the interests of equity, the resources in the transit account should be distributed to all states on the basis of formula. We also believe that what remains of the Interstate Transfer program as a whole (both highways and transit) should be funded from the source from which the original highway projects were to be funded -- the Highway Account of the Highway Trust Fund.

In addition, if funding for the Interstate Transfer Grant-Transit program is not shifted to the Highway Account of the Highway Trust Fund, we would certainly recommend no general funding for this program in FY 1990. The reason is that, in order to reduce the deficit, the amount of general funds used by the UMTA program must be reduced, if not eliminated.

RURAL TRANSIT

SENATOR LAUTENBERG: The Administration's Budget proposes distributing just under 5 percent of the formula funds to non-urban areas, rather than the statutorily imposed 2.93 percent. This subcommittee has supported higher funding levels for Section 18. Why did you make this recommendation?

ANSWER: Rural areas have special transportation needs and, for the most part, these areas use the funds apportioned to them as they become available. In addition, cities with populations of one million or more received over $30 per capita from UMTA, while nonurban areas, cities with populations under 50,000, received less than $1 per person from UMTA. This fact was recognized by the Senate Appropriations Subcommittee in FY 1987, FY 1988, and FY 1989, when a special set-aside was created for nonurban areas in addition to their 2.93 percent apportionment.

SENATOR LAUTENBERG: The Section 18 program has been running average obligations at over $100 million a year. Do you think that the Administration's proposal for Fiscal Year 1990 of a $68 million level is really enough? Describe how this program level was maintained when the Federal appropriations were approximately twenty-five percent less than the program level.

ANSWER: Our proposal held the Section 18 nonurban areas "harmless" with respect to the funding level ceilings authorized in the Surface Transportation and Uniform Relocation Assistance Act (STURAA) of 1987. In fact, for FY 1990, $68 million in our proposal is slightly more than the $65.9 million Section 18 ceiling authorized by the STURAA.

Of course, under our legislative proposal, the Governors in each State can continue the practice of transferring available Section 9 Urban Formula funds to nonurban areas. It is this practice by the Governors which allows nonurban areas to obligate more than they are apportioned. In FY 1988, for example, nonurban areas obligated $26 million from transferred Section 9 funds.

$68 million would be apportioned to the Governor's office in each State. The Governor would then allocate the funds among the nonurban areas in his or her State. This $68 million is 4.8 percent of the total $1.411 billion available for formula funding.

SENATOR LAUTENBERG: Provide a breakdown of the utilization of Section 3 Discretionary Capital Assistance (Excluding Section 8 and Section 16(b)(2)) between urbanized and nonurbanized areas. Specifically, the amount of funds obligated during each of the last three Fiscal Years in the largest urbanized areas (populations of 1 million or more), in other large urban areas (200,000 to 1 million), in smaller urbanized areas (50,000 to 200,000), and in nonurbanized areas.

ANSWER: The information follows:

(In Millions of Dollars)

UZA SIZE	FY 86	FY 87	FY 88
Over One million	$1,019.0	$642.8	$810.2
200,000 to 1 million	68.5	3.5	7.6
50,000 to 200,000	10.4	12.2	7.5
Under 50,000	4.8	1.2	17.9
	$1,102.7	$659.7	$843.2

SENATOR LAUTENBERG: What amount and percent of the available Section 6, Section 8, Section 9 and Section 3 funds have gone for rural areas (fiscal years 1983 through 1989)?

ANSWER: The following table shows the amounts and percentages of funds obligated for rural areas under Section 6, Section 9, and Section 3.

The figures for Section 6 are approximate, since some projects benefit both urban and rural areas.

The figures for Section 9 are based on transfers to the Section 18 program as a percentage of all available funds, including carryover, during each year, starting in Fiscal Year 1984 when transfers were first authorized.

The percentages for Section 3 are based only on the Section 3 funds available for bus related projects since the New Starts and Rail Modernization categories are not applicable to rural areas.

In addition to the programs shown on the table, some of the approximately $4.5 to $5 million of Section 8 funds allocated to the States each year are used for planning in rural areas, but exact figures are unavailable, since these funding decisions are made at the State level.

OBLIGATIONS FOR RURAL AREAS

Fiscal Year	Section 6	Section 9	Section 3
1983	----	----	$5,003,608 1%
1984	$250,000 .5%	$2,616,969 .03%	$3,081,855 1.5%
1985	$500,000 .8%	$21,211,575 .6%	$1,260,000 1%
1986	$800,000 3.7%	$26,961,276 .9%	$3,993,957 1.9%
1987	$750,000 3.9%	$18,072,259 .6%	$1,164,375 .6%
1988	$247,740 2.0%	$20,211,544 .8%	$13,155,528 5.4%
1989 (estimated)	$300,000 4%	$15-20,000,000 .7-.9%	$7.5-10,000,000 5 - 7%

SENATOR LAUTENBERG: What amount and percent of available funds would go to non-urban areas under the Administration's proposal for Fiscal Year 1990?

ANSWER: $68 million would be apportioned to the Governor's office in each State. The Governor would then allocate the funds among the non-urban areas in his or her State. This $68 million is 4.8 percent of the total $1.411 billion available for formula transit grants.

SENATOR LAUTENBERG: How have non-urban areas used the federal funds provided (operating, type of capital, planning, etc.)?

ANSWER: The following table shows how Section 18 funds were programmed by the States for the four main categories of assistance: capital; operating; project administration; and State administration.

The capital equipment purchased with Section 18 funds generally consists of items such as vans and small buses, maintenance equipment and facilities, and microcomputers. Few major construction projects are undertaken with Section 18 funding. In FY 1988, 711 vehicles were purchased with Section 18 funds, including 442 vans, 203 small buses, and 29 standard buses.

The State administration category includes funds used by the State to administer the program, as well as funds used for planning purposes. The project administration category includes expenses at the local project level which are not directly related to the operation of vehicles, such as insurance and management staff salaries.

USE OF SECTION 18 FUNDS

	CAPITAL	OPERATING	PROJ. ADMIN.	STATE ADMIN.
FY 1984	36.7%	40.7%	15.2%	7.4%
FY 1985	29.0%	47.2%	15.2%	8.6%
FY 1986	28.3%	47.6%	16.3%	7.8%
FY 1987	28.5%	49.9%	13.7%	7.8%
FY 1988	27.0%	50.0%	15.0%	8.0%

SENATOR LAUTENBERG: In last year's [FY 1987's] appropriations act [and authorizing legislation in FY 1988] Congress directed UMTA to establish a Rural Transportation Assistance Program. How is UMTA complying with that direction?

ANSWER: The Rural Transit Assistance Program (RTAP) was implemented promptly during FY 1987. Almost half of the first year's appropriation was obligated by the end of FY 1987. At the end of FY 1988, 90 percent of the available funds had been obligated.

RTAP grants have been approved to all fifty States for the implementation of RTAP projects at the State level.

Fifteen percent of the funds each year have been obligated for a National RTAP program, which to date has produced two audio visual training modules for drivers, established a resource center, operated a toll-free information hotline, conducted regional forums, and created a peer assistance network. A project advisory committee composed of State program administrators and local transit operators meets two to three times a year.

Quarterly reports were submitted to Congress during FY 1988.

SENATOR LAUTENBERG: In the report you submitted to this subcommittee entitled "Implementation of UMTA's Rural Transit Assistance Program", you cite a number of positive achievements for the program during its first year. Can you tell me, in view of RTAP's apparently successful beginning, why is the Administration proposing to eliminate all funding for this congressionally mandated initiative?

ANSWER: Up to fifteen percent of the States' regular Section 18 formula assistance funds can be used to fund the same kinds of training, technical assistance, and research activities eligible under a separate RTAP program. In view of the overall reductions in the UMTA program, we believe the Section 18 funds, along with UMTA SEction 6 funding directed to rural issues, will provide a reasonable level of technical assistance for nonurbanized transit. Section 8 also continues to provide funds to the States to be used in providing technical assistance.

DRUG AND ALCOHOL TESTING

SENATOR LAUTENBERG: What is the status of UMTA's anti-drug rule?

ANSWER: The UMTA anti-drug final rule was published in the Federal Register on November 21, 1988. Under the rule, a recipient of UMTA funds under the section 3 discretionary program, the section 9 formula program for urbanized areas, the section 18 rural program, or the interstate-transfer program, must certify that it has established an anti-drug program for its sensitive safety employees.

That anti-drug program includes pre-employment, post-accident, reasonable suspicion, random, and return to duty drug testing. Large operators have one year to develop the program. Small operators-those in areas of 200,000 or less in population-have two years to implement the program. The program must comply with specific DOT procedures for drug testing programs.

To date three lawsuits have been filed against DOT by just about every union representing transit workers. All three suits challenge the UMTA rule on three grounds: UMTA's lack of statutory authority to issue the rule; the lack of a proper basis for the rule in the rulemaking record; and constitutional issues in connection with random testing. One complaint contains the additional allegation that the rule violates a current collective bargaining agreement. The two cases which were filed in United States District Court for the District of Columbia have been consolidated. DOT's answer is due March 13, 1989. The third suit was filed on February 8, 1989, in United States District Court in San Francisco. DOT's answer to that complaint is due April 10, 1989.

UMTA is developing a detailed drug program implementation manual that will be made available to all UMTA grantees.

SENATOR LAUTENBERG: Drug and alcohol abuse - What What do you require of grantees? How do you assure compliance?

ANSWER: Effective December 21, 1989 and December 21, 1990 respectively, large and small transit systems that receive UMTA Section 3,9 and 18 funds must have anti-drug abuse programs in place for sensitive safety employees as a condition of continued Federal funding. The anti-drug program must include a policy statement on drug use in the workplace, an employee education and training program and a drug testing program.

Under UMTA's rule, grantees are required to certify that they are in compliance with the requirements of the rule. The Triennial Review process includes a review of all certifications submitted by grantees to UMTA as well as a review of grantees' overall safety programs.

SENATOR LAUTENBERG: How have the grantees and their unions responded to the anti-drug rule? Please elaborate.

ANSWER: Virtually all the unions involved in providing transit services have challenged UMTA's drug rule in Court.

The agencies that provide transit services and their association (APTA), while committed to a drug free work place, continue to express reservations regarding the necessity and practicability of certain requirements of the UMTA drug rule and the associated DOT Rule.

Most transit agencies recognize the substantial effort necessary to implement the requirements of the rules and have undertaken, with varying degrees of urgency, to implement the rules.

SPECIAL PROJECTS

SENATOR LAUTENBERG: At about the same time UMTA began awarding competitive services demonstration grants, you announced the formation of a Competitive Service Board. What does that

Board do? What have been the results of its activities.

ANSWER: The Competitive Services Board was established by the Urban Mass Transportation Administration (UMTA), in cooperation with the American Public Transit Association (APTA), as a forum for a broad cross-section of public and private sector interests to consider issues related to the competitive provision of transit services. The Board seeks to develop a thorough understanding of these issues with the objective of reaching a consensus on principles for the guidance of local decisionmakers. For issues on which agreement cannot be reached readily, the Board clarifies and documents the concerns and identifies potential actions to address them.

The Board's membership is a diverse group representing a wide variety of interests, including public transit agencies, private operators, state departments of transportation, local governments, regional councils, and rural and specialized transit operators. In addition, the administrator of UMTA, the executive director of APTA, and senior representatives of other national associations serve as ex officio members. They help provide policy direction and are encouraged to attend and participate at all Board meetings.

During its first two years, the Board provided guidance to public and private interests on how to fairly evaluate public and private cost proposals and how to deal effectively with labor issues involved in competitive contracting. Currently the Board is preparing guidance on contracting procurement issues and institutional arrangements to foster an environment conducive to competitive contracting.

SENATOR LAUTENBERG: Are the competitive services grants provided with 100% Federal money?

ANSWER: The competitive services grants are funded from a mixture of Section 3 and Section 6 funds as appropriate. Those that are funded from Section 3 funds are matched by 25 percent local contribution.

SENATOR LAUTENBERG: How many grants (for how much money) have been let under this?

ANSWER: Competitive Services Grants have been awarded to 10 properties totalling $9.3 million in Sections 3 and 6 funds to assist in the development of institutional changes and in the capital cost of leasing vehicles. The cities are:

Minneapolis, MN
Des Moines, IA
Little Rock, AR
Cobb County, GA
Laurel, MD
Cincinnati, OH
Los Angeles, CA
Miami, FL
New Orleans, LA
Pittsburgh, PA

SENATOR LAUTENBERG: Many cities are being pressed by the Environmental Protection Agency to reduce their levels of air pollution. One of the stated purposes of the Urban Mass Transportation Act is to help reduce pollution. What is the agency doing to assist cities in meeting their air pollution responsibilities?

ANSWER: In the 1970's and early 1980's, mass transit was widely viewed as a panacea for the air pollution problems in large cities. During this time, several major rapid transit projects were constructed with optimistic predictions about their impact on air quality. To date, experience with these operating systems has shown that too few auto passengers are diverted to transit to have a significant beneficial effect on regional air quality. Nevertheless, as these new systems attract more new riders and expand, the beneficial impact on air quality will grow.

Greater emphasis on mass transit will come as a result of State and local decisionmaking in the Clean Air Act State Implementation Plan revision process which is now under way. In order to meet national ambient air quality standards - for the mobile source pollutants -local agencies will be placing greater emphasis on mass transit projects, carpooling, vanpooling and alternative fuels. As our budget permits, we will provide financial assistance to those areas most in need of air quality improvement. Our air quality regulation requires that we give priority to such projects in coordination with EPA.

UMTA through its suburban mobility program is funding innovative projects to help reduce automobile congestion and traffic "grid lock" in suburban areas and to encourage the use of mass transit services.

UMTA also has initiated research and development programs with our grantees for alternative, non-polluting, fuels for transit buses. Grants have been made to such places as New York, Jacksonville, Florida and Los Angeles with additional grants pending in several other cities.

ADMINISTRATION'S PROPOSAL

SENATOR LAUTENBERG: How does Section 3(k)(2) affect UMTA policy on receiving funds from two sources for the same project?

ANSWER: Several years ago, we circulated a draft policy paper that proposed excluding grantees from receiving Section 3 funds for both Rail Modernization and New Start purposes at the same time. That paper was never issued in final form. In addition, since that time, Section 3(k)(2) was added to the UMT Act. It states that application for funds under any one category of Section 3 "shall not preclude eligibility for assistance" under any other category. Finally, in response to congressional direction, we are in the process of issuing an NPRM on the matter of New Start criteria and evaluation. It makes no mention of precluding New Start applicants from consideration under other categories of the Section 3 program.

SENATOR LAUTENBERG: In the past, transit advocates have said that mass transit capital needs were $6-7 billion per year. How can you rationalize your budget request in light of those needs?

ANSWER: The amount of funding requested is adequate to cover the replacement costs of the existing fleet and the cost to rehabilitate the cost effective segments of the rail systems. These costs are as follows:

Buses 3,500 @ $150,000	$525 million
Bus Facilities	$525 million
TOTAL	$1,050 million
@50% Federal Share =	$525 million
Remaining For Rail Fixed	$650 million

The remaining amount would fund about $1.3 billion per year in rehabilitation assuming the 50 percent Federal share. This may be compared to the total annual cost from the Rail Modernization Study of $1.7 billion (but only $900 million per year for the segments serving 85 percent of the passenger miles).

SENATOR LAUTENBERG: What were your fiscal year 1990 requests to the Secretary and the Office of Management and Budget (OMB)?

ANSWER: Our submission to OST last summer and our OMB submission last fall were basically the President's FY 1990 Budget request I am presenting to you today. All of our budget proposals for FY 1990 (President's, OST and OMB), are all variations on the same theme: Use the trust fund proceeds of the one-penny tax (Mass Transit Account) to finance formula grants for transit now, financed by general fund appropriations. (Our OMB proposal requested a trust funded $1.479 billion formula program, close to the $1.523 billion formula program in the President's budget.) This policy is consistent with the Administration's Policy of transportation user fees paying for transportation services. In FY 1990, the Department will be 76 percent user fee financed. Our FY 1990 Budget request, as well as our OMB and OST budget proposals, would have: (1) Funded DC Metro at about $42 million per year; (2) Transferred funding of our Interstate program to the Highway Trust Fund; (3) Eliminated the wasteful New Starts program; and (4) Limited operating assistance to cities with populations under $200,000.

Please Refer To The Following Table:

($ in millions)

	FY 1990 OST SUBMISSION	FY 1990 OMB SUBMISSION	FY 1990 CONGRESSIONAL SUBMISSION
Submission Date:	Summer 1988	Fall 1988	Winter 1989
TRUST FUND	$1,465.0	$1,479.0	$1,523.0
Discretionary Grants	$0.0	$0.0	$0.0
Discretionary Capital	0.0	0.0	0.0
Formula Blend (2B)	0.0	0.0	0.0
Planning	0.0	0.0	0.0
Elderly and Handicapped	0.0	0.0	0.0
University Transportation Centers	0.0	0.0	0.0
Formula Transit Grants	$1,465.0	$1,479.0	$1,523.0
Urban Formula Capital Grants	1,170.8	1,137.8	1,223.2
Small Urban Operating Grants	114.4	111.2	119.5
Nonurban Formula Grants	68.0	67.7	68.0
Research, Training & Human Resources	10.0	10.0	10.0
Administrative Expenses	31.9	32.3	32.3
Elderly and Handicapped	35.0	35.0	35.0
Planning	35.0	35.0	35.0
Consumer Choice Demonstration Program	0.0	50.0	0.0
GENERAL FUND	$20.0	$42.0	$42.0
Administrative Expenses	0.0	0.0	0.0
Research, Training & Human Resources	0.0	0.0	0.0
Interstate Transfer Grants--Transit	0.0	0.0	0.0
Washington Metrorail	20.0	42.0	42.0
Formula Grants:			
Urban Capital Grants	0.0	0.0	0.0
Urban Operating Assistance Grants	0.0	0.0	0.0
Nonurban Formula Grants	0.0	0.0	0.0
RTAP	0.0	0.0	0.0
TOTAL BUDGET AUTHORITY	$1,485.0	$1,521.0	$1,565.0
LIQUIDATING CASH	$400.0	$450.0	$300.0

SENATOR LAUTENBERG: What are UMTA's major accomplishments during the past year?

ANSWER: During the past year, the Urban Mass Transporation Administration continued and strengthened its efforts to help the transit industry meet the challenges of a rapidly changing mass transit marketplace. Our successes fall under several broad headings.

1. In the area of grants management, UMTA continues to use its new Management Information System to manage grants more efficiently and less obtrusively. The agency has made excellent progress in the close-out of grants in which project activities have been completed. More than 2,000 grants were closed out in FY 88 and over $200 million returned to the UMTA program.

UMTA has also reemphasized requirements that grantees submit a supportable schedule for project implementation before the grant is awarded. If parts of the project will not be implemented for a long period, the agency will consider withholding funds rather than allow them to languish in dormant accounts. The policy is to make funds available to applicants ready to carry out their projects. Once a grant _is_ awarded, grantees no longer must submit voluminous narrative reports; rather, they will report actual progress as compared to the projected schedule. This will significantly reduce grantee paperwork and make it more likely that the project will be completed on time and within budget.

UMTA has also requested implementation plans for existing grants in order to establish reasonable schedules for their completion. The benefit of this strategy is that it will ensure reasonable accountability for, and prudent expenditure of, the $4.8 billion in 4,800 active grants not yet placed under contract by the grantees.

Also in grants management, UMTA's full-funding agreement with the Washington Metropolitan Area Transit Authority has resulted in bid prices coming in at $48.7 million _under budget_.

Since the agreement was signed in July 1986, $1.37 billion has been placed under contract for construction of operable Metro system segments.

2. In the area of administration, UMTA has continued to reduce staffing through normal attrition. In FY 87, UMTA's full-time equivalency (FTE) usage was approximately 455. In FY 88, it was 435, or about 20 percent less. For FY 89, we project an FTE expenditure of 420, or 15 percent less than the year before.

We have been able to make these reductions by increasing UMTA's productivity; contributing to this is the reorganization of the regional offices, the reorganization of Headquarters, the improvement of grant processing procedures, reduction of paperwork requirements, increased use of computers, and the placing of greater emphasis on human resources management.

We have undertaken a program to update UMTA's circulars and to make available to all grantees the most up-to-date program guidance and regulatory information.

The agency sent each grantee a binder containing all current circulars (third party contract review, advance construction, one-time submission policy, and revised "Buy America" provisions, for example) and checklists on UMTA program guidance and Federal regulations. These checklists can also be used to request additional circulars.

As a further effort to insure cost effectiveness, responsiveness to grantees' needs, and varying workload demands in UMTA's regions, I established five Area Director positions with authority that transcends that of existing regions. These management units are as follows:

Position	Responsibilities
Eastern Area Director	Regions I & II
Southeastern Area Dir.	Regions III & IV
Central Area Director	Region V
Mid-Western Area Dir.	Regions VI & VII
Western Area Dir.	Regions VII, IX, & X

The benefits of the change are numerous, the costs minimal. For example, it allows regions to more easily exchange expertise on projects and regional issues and to pool resources to meet unusual workload demands.

It improves responsiveness and timeliness in meeting constituent needs. It increases our focus on regional project management oversight. Finally, it reduces the need to hire additional staff in a constrained budget environment, while it advances our goal of reducing noncritical positions through attrition and sharing of workloads.

"Excellence in UMTA" is the collective term for a number of initiatives in Human Resources Management (HRM) within the agency.

We have been fortunate to obtain a limited number of spaces in "Leadership: A Committment to Mastery," the excellent five-day program sponsored by the Office of the Secretary and the United States Coast Guard. We have selected an 8(a) contractor to design and present supervisory and managerial training to approximately 250 key headquarters and field staff members. Designation "Training for Organizational Effectiveness," is designed to boost both morale and productivity.

UMTA announced its intern program, with a closing date of January 27, 1989. Almost 250 applications were submitted with interviews to be conducted during March; up to six interns may be selected.

3. UMTA's Office of Civil Rights developed and issued four major civil rights guidance documents during FY 88. They dealt with the Disadvantaged Business Enterprise Program, the Equal Employment Opportunity Program; the Title VI Program; and, the Human Resource Program.

The office also encouraged additional contracting opportunities within the agency, with the result that a number of contracts were awarded to minority and female entrepreneurs. In a similar way, the office worked closely with the Office of Budget and Policy to ensure that minorities and women were involved in all facets of UMTA's Entrepreneurial Services Program.

4. UMTA's Office of Budget and Policy continued to make significant progress through its implementation of programs designed to enhance the responsiveness, cost-effectiveness, and competitiveness of transit services.

These programs share the goal of encouraging greater cooperation between the public and private sectors, and the development of broader community participation in transit planning, policies, and programs.

The Entrepreneurial Services Program provides seed money for market-oriented, neighborhood-based services that are not already available from public transit operations.

These services, including inner city circulators and reverse commute transport, are often provided by small or minority businesses in response to new transportation needs of community residents.

For example, UMTA provided funding to initiate a financially self-sufficient reverse commute service for the Kenilworth-Parkside Resident Management Corporation in Washington, D.C. The service will be owned and operated by residents of this public housing site.

To date, over 50 entrepreneurial projects have been approved, with UMTA funding amounting to $5.3 million. Another 20 projects, for grants totaling $2.2 million, are under consideration.

UMTA's new Joint Development Challenge Grant

Program encourages a wide range of innovative approaches to joint development which go far beyond the conventional "air rights" development approach.

In Boston, for example, the Newton Square Station has been rehabilitated and will now be operated by a private developer who will also provide station maintenance. It will include a retail facility and other amenities for transit riders. The Massachusetts Bay Transportation Authority will receive lease revenues.

Other projects being studied would provide parking at commuter rail stations, shopping centers on light rail lines, subway rehabilitation which provides better access to the system, and transit centers which serve as a junction for several modes of transit and which offer amenities ranging from retail outlets to day care facilities.

UBP has also continued its outreach efforts to elected officials, transit operators and policy board members, and neighborhood and consumer groups. The ideas generated at a series of UMTA-sponsored workshops have contributed to the shape of the entrepreneurial services program, the joint development program, and competitive services demonstrations.

The broad interest in competition and greater public-private cooperation in transit matters is reflected in the fact that over 1,000 people attended the Fourth Annual UMTA Symposium on the Private Secctor and Public Transit, held in New Orleans in March, 1988.

Please note that the first such symposium, held in 1985, attracted just under 100 attendees, and that the numbers have increased at each event.

The symposium has brought together both public and private transit operators, neighborhood groups, state legislators, small and disadvantaged businesses, special needs transit patrons, and even interested parties from other nations.

4. The newly created Office of Technical Assistance and Safety (UTS) made significant progress on several fronts.

The Suburban Mobility Initiative, which was announced in January, 1988, convened 20 local seminars across the country. Using this forum to discuss their suburban mobility problems, these communities saw 41 projects in FY 88 through grants, cooperative agreements or contracts.

The projects represent over $6.5 million in Section 6, 4(i), and 8 funds. Strategies employed include the formation of transportation management associations, implementation of employer/developer transportation programs, and planning -- both strategic and short-term.

UMTA has also committed, in principle, $60 million to provide parking lots in suburban areas in Philadelphia and Metropolitan Washington. These commitments were based on cost effectiveness, innovation, and speed of implementation.

A related effort, the Public/Private Partnerships Program, encourages joint public/private development of transportation facilities that use little or no Federal funds for capital, operating and maintenance expenditures.

UMTA provides technical assistance and seed money to foster the coordinated planning and implementation of such coordinated activities, which are then funded primarily by the local public and private sectors.

During this past year, the Department of Transportation also inaugurated an Alternative Fuels Inititiative as part of a nationwide effort to reduce air pollution.

Over 100 metropolitan areas face potential sanctions for failing to meet EPA standards for ozone and carbon monoxide. Moreover, 44 states have been informed by EPA to take action in suburban areas to reduce vehicle-related pollution.

The AFI encourages the adoption of alternative fuels in a wide range of transit vehicles (vans, medium size buses, full-size coaches, mini-buses, and automobiles). The program supports the field testing of such vehicles, using methanol, ethanol, compressed natural gas, and liquefied petroleum gas (propane).

The technology is already in place for such testing, and UMTA has already received several grant applications under the program.

During FY 88, the Office of Safety initiated programs to combat drug usage among safety critical employees in the transit industry. UMTA's final anti-drug rule was published in the Federal Register on November 21; the agency is developing a detailed manual that will be available to all UMTA grantees, to help guide them in implementing their drug programs.

Grants were awarded to State governments and cooperative agreements entered into (Ohio, Texas, Pennsylvania, Florida and Broome County, Washington) to assist local agencies in dealing with the drug rule. The objective is to have States carry out demonstrations that could be models for other States and public agencies.

UTS has also expanded its efforts to providing financial and technical assistance to upgrade the skills of the transit industry's work force. The program is an expansion of a labor demonstration project in Phoenix, Arizona. The purpose is to bridge the gap between the industry's need for skilled workers with the training resources of the nation's community colleges.

The transit industry has long been willing to hire unskilled workers and provide on-the-job training. With the assistance of community colleges, we will be better able to meet the challenge of upgrading job training prior to employment, and we will forge a productive new partnership between the industry and these institutions of higher learning.

UTS has also taken the leadership in UMTA's Rail Car Cost Containment Program, which has three objectives: first, to gain a better understanding of the factors that have driven up the cost of rail cars; second, to determine which factors offer the best opportunities for cost reduction or containment; and, third, to establish a challenge grant program to support demonstration projects designed to implement these findings.

The industry has responded positively to this initiative. Representatives from 23 transit agencies and the American Public Transit Association (APTA) attended a briefing on the program conducted by UMTA last June. Four study grants have been awarded under the Rail Car Cost Containment Program. The recipients are the Southeastern Pennsylvania Transportation Authority ($192,000); New Jersey Transit ($200,000); Metropolitan Atlanta Rapid Transit Authority ($208,000); Chicago's Metropolitan Rail ($200,000). The studies will take one year.

5. The UMTA Office of Chief Counsel (UCC) has also moved forward in a number of areas: Three new Full Funding Agreements were entered into during FY 88 (Chicago Transit Authority, Maryland Mass Transit Administration, and Bi-State Development Agency of St. Louis).

Several existing agreements were amended (Los Angeles, Seattle, San Diego, and Chicago) to provide FY 88 funds as called for in the individual agreements. UMTA is currently negotiating six Full Funding Agreements (Jacksonville, Los Angeles, Denver, Miami-Dade County, Houston, and CALTRANS).

UMTA's new charter regulation, amended at the direction of Congress, went into effect on January 30, 1989. It creates three new exceptions to the charter regulation. The agency believes the amendment effectively addresses concerns for the charter needs of the transportation disadvantaged, while preserving the UMT Act's protection for private charter operators.

UCC has continued to seek improvement in the implementation of Section 13(c), on a case-by-case basis through application of individual precedents, conducting a study of how the Section 13(c) protections compare with the general body of Federal labor law. UMTA is also recommending that the Department of Labor adopt and implement a coordinated long-term strategy for dealing with Section 13(C).

Let me turn briefly to matter of Section 504. Despite the recent Federal court decision, the existing rule, including the cost cap provision, remains in effect pending a thorough study of the decision and a determination of whether or not to appeal it.

All transit authorities who are in compliance with the current rule, including those who are relying on a cost cap, remain eligible for financial assistance while the appeal is pending.

If the Department is required to issue a new rule in which the cost cap is invalid, the effect on local operators will depend on the service criteria called for by the court's decision. The Department has been studying the compliance plans submitted under the current rule to determine the effect of the cost cap on expenditures and on the level of services provided.

6. There have been setbacks, of course. Perhaps the most frustrating is that Congress has not yet authorized a formula transit grant program financed by the gas tax, in lieu of the 75 percent Federal share discretionary grant program.

In addition, Congress continues to earmark new start projects, despite our efforts to persuade them otherwise. As a result, Federal funds go to some projects which are costly but which produce low benefits. Further, some projects are earmarked, and the funds tied up, long before the grantee is ready for construction. In these cases, the Federal funds sit in an inactive account for up to four years before they are used.

Worse, some of these projects have been undertaken despite only marginal local financial commitment, and in communities where the economic state of local transit is precarious. The Miami Metromover extensions project is a dramatic example.

The Office of Civil Rights experienced one serious setback during the past year: the issuance by the Small Business Administration (SBA) of a regulation affecting size standards for eligible disadvantaged business enterprises (DBEs).

UMTA has received numerous complaints from grant recipients who contend that, since SBA's size standards are considerably lower than the DOT dollar threshold, many qualified DBE firms have been prematurely graduated from UMTA grants recipients' DBE programs.

SENATOR LAUTENBERG: Will UMTA lend its commitment to creating a national marketing plan to inform workers and employers of a tax-free benefit? Will UMTA support Congressional efforts to expand this tax-free benefit?

ANSWER: UMTA has encouraged transit agencies to use the availability of a $15 a month tax-free employee benefit in marketing transit passes to employers. UMTA has supported the successful New York TransitChek program. Representatives of this and other similar programs were invited to participate in UMTA's Fifth Annual Symposium on the Private Sector and Public Transit.

While UMTA supports in principal efforts to tie the commuter's decision between modes to the true economic cost of that decision, questions concerning tax policy should more properly be addressed by the Department of the Treasury.

SENATOR LAUTENBERG: What are your views of the state of the mass transit industry today? What is your assessment of what the Federal government has done and can do to assist the industry?

ANSWER: Transit has lost market share, particularly in the suburbs. It is increasingly faced with the challenge of responding to unserved markets and changes in the market due to increased suburbanization of employment. Labor inefficiencies remain, despite some recent improvements. There is a general tendency at the local level to overestimate the merits of new starts.

The Federal government, through UMTA, has assisted the industry by focusing on the problems of unserved markets through our Entrepreneurial Services program. Problems in the use of capital equipment are being addressed by attempting to involve the private sector in the financing of transit and in our implementation of the new UMT Act provisions on leasing and advance construction. UMTA has assisted in solving the efficiency problems by focusing attention on them and on solutions such as through the Competitive Services program which demonstrates the competitive procurement of service from the private sector. We have also focused attention on efficiency improvements which can be obtained through increased management attention to problems of labor utilization, such as absenteeism. We have focused attention on the problems of the suburbanization of employment through our Suburban Mobility Initiative.

SENATOR LAUTENBERG: Does UMTA think that Federal matching requirements for highways and transit projects should be the same?

ANSWER: No. Transit is clearly a local responsibility which means that the Federal share for transit projects should be smaller. In the past there may have been some rationale for similar ratios when there were clear possible trade-offs between new major investments in the same corridor. This is no longer the case, as the Interstate system nears completion and Federal highway funding tend to be focused on maintaining previous investments.

SENATOR LAUTENBERG: Aren't Transit Authorities providing more than the statutorily required match for capital projects?

ANSWER: Yes, under our New Starts program the following transit authorities are providing more than is statutorily required:

Authority	Project	Local Share
Seattle	Bus Tunnel	50%
Los Angeles	Metrorail	44%
San Jose	LRT	49%
Houston	Busway	39%

And, under our Rail Modernization program both New York and Boston overmatch. In fact, these cities are funding some rail modernization projects with 100% local monies.

SENATOR LAUTENBERG: What is the local match experience for capital projects in the bus area, in the rail modernization area and new start area?

ANSWER: Currently there is very little overmatching by transit authorities for bus projects. Due to the nature of the bus program (relatively small grants, limited scope, etc.), there has been little incentive to overmatch in this category. However, with the establishment of the Secreary's Overmatch Initiative, we expect more areas to seriously consider this option to enhance their chances for securing Section 3 funding. For rail modernization, the experience has been somewhat different. Areas which have passed bond issues or have access to state bond funds (Boston, NE New Jersey, for example) or have large state involvement (New York) have tended to overmatch in the past or have plans to do so in the near future. Finally, there has been considerably more overmatch activity in the new systems area. Typically, most new start projects involve large dollar amounts. With one criteria for Federal funding for new systems proposals being the level of local funding for the proposed project, most new systems projects contain at least some separate local funding above the statutory local share.

SENATOR LAUTENBERG: How effective has the Federal mass transit program been in meeting the needs of large cities, rural areas and the handicapped?

ANSWER: The Federal program has been more than generous in terms of the amount of money provided but results are more difficult to measure. Transit has lost market share. Between 1970 and 1980, the share of urban work trips on transit was down from 13 percent to 9 percent. With transit ridership now at about the same level as it was in 1980, and employment up since then, this share has fallen even further since 1980. Nationally, according to the Nationwide Personal Transportation Study, in 1983, transit's share of all trips was only 2.6 percent, down from 3.6 percent in 1969. As more and more population and employment is located in places which are very difficult to serve with traditional transit, this market share is likely to decrease further.

The capital investments which have been made have not resulted in improvements in market share. For example, over $200 million invested in the Portland light rail line increased transit ridership by only 6,000. This means that almost one quarter of a billion dollars were required to increase the use of transit by only 3,000 persons out of a regional population of over 1,000,000. In other places such as Buffalo, we have made major rail investments only to find total transit ridership has actually declined. In those places, cuts in the bus system, which provides basic mobility to "captive" riders, were required to fund rail operating deficits. We will have to do a better job with future investments if we are to accommodate growth as well as provide basic mobility to those who need it.

SENATOR LAUTENBERG: What are UMTA's priorities for FY 1990 and how does it plan to accomplish them?

ANSWER: UMTA will continue to emphasize its initiatives designed to address the problems which we have identified in the industry:

- o Declining Market Share - Entrepreneurial Services and Suburban Mobility
- o Transit Efficiency and the Need for Private Sector Involvement - Entrepreneurial Services and Competitive Services
- o Fiscal Capacity, Financial Planning and Local Effort - Financial Capacity and Joint Development

In addition, we will continue to emphasize management efficiency within UMTA.

We will also be looking toward the new reauthorization legislation. We want to be open to new ideas and possibilities for improving urban mobility. We want to be in a position to try out these concepts to develop solutions that will really work, not merely to continue with old, tired approaches.

SENATOR LAUTENBERG: What is the basis for your request in FY 1990 for transit grants other than WMATA? In addition to using revenues, why doesn't the Administration also plan to use for transit the interest and prior year balances that are available in the trust fund?

ANSWER: At the $1.523 billion level, the UMTA formula grants program fully utilizes the user fees collected by the one cent motor fuels tax dedicated to transit. For FY 1990, 76 percent of the total Departmental budget request will be financed by user fees. This deficit neutral level is adequate to support the Federal interest in transit. We do not expect major 1990 cutbacks in transit service because of our FY 1990 budget request. In fact, reduced Federal assistance should also promote efficiency.

Limiting the level to $1.523 billion from the trust fund is necessary also to meet Departmental outlay targets established pursuant to Gramm-Rudman. The Bush Administration believes the $1.5 billion level is a good starting point for negotiations with Congress. Transit serves local needs and is best funded at the local level. States and cities spend less than 2 percent of their combined State and local expenditures on transit. This suggests room for more involvement, consistent with transit's role in each state.

Attachment

DEPARTMENT OF TRANSPORTATION
URBAN MASS TRANSPORTATION ADMINISTRATION
FY 1990 PRESIDENT'S BUDGET (final)
(thousands of dollars)

	FY 1987 APPROPRIATION	FY 1988 APPROPRIATION	FY 1989 APPROPRIATION	FY 1990 PRESIDENT'S BUDGET
ADMINISTRATION	31,000	31,882	31,882	0
RESEARCH AND TRAINING	17,400	12,217	10,000	0
INTERSTATE TRANSFER-TRANSIT	200,000	123,500	200,000	TO FHWA
WASHINGTON METRO	201,120	180,500	168,000	42,000
FORMULA GRANTS (GEN. REV.)	2,000,000	1,736,453	1,605,000	0
Operating Assistance	(847,044)	(804,692)	(804,692)	0
Capital Grants	(1,077,951)	(862,372)	(728,904)	0
Non-urban	(75,005)	(64,639)	(66,404)	0
RTAP		(4,750)	(5,000)	0
DISCRETIONARY GRANTS (TRUST FUND)	1,002,500	1,203,000	1,250,000	0
Obligational Limitation	(1,002,500)	(1,130,500)	(1,130,500)	0
Discretionary Capital	(915,000)	(980,250)	(980,250)	0
Formula Blend	0	(65,250)	(70,000)	0
Planning	(45,000)	(45,000)	(45,000)	0
Elderly and Handicapped	(35,000)	(35,000)	(35,000)	0
Innovative Techniques	(7,500)	0	0	0
Technology Introduction	0	0	0	0
RTAP	0	0	0	0
Transportation Centers	0	(5,000)	(5,000)	
FORMULA TRANSIT GRANTS (TRUST FUND)	0	0	0	1,523,000
Obligational Limitation	0	0	0	(1,523,000)
Formula grants	0	0	0	(1,410,700)
Urban Capital	0	0	0	(1,223,189)
Sec. 18	0	0	0	(68,000)
Operating Assistance	0	0	0	(119,511)
Elderly & Handicapped	0	0	0	(35,000)
Planning	0	0	0	(35,000)
Research, Training and Human Resources	0	0	0	(10,000)
Administrative Expenses	0	0	0	(32,300)
RTAP	0	0	0	0
MISCELLANEOUS ACCOUNTS	0	0	0	0
TOTAL NEW BUDGET AVAILIBILITY	3,452,020	3,287,552	3,264,882	1,565,000
MEMO:				
GENERAL FUND	(2,449,520)	(2,084,552)	(2,014,882)	(42,000)
TRUST FUND	(1,002,500)	(1,203,000)	(1,250,000)	(1,523,000)

SENATOR LAUTENBERG: The proposed formula program will provide only a fraction of the funds that were available through the old formula and discretionary programs. Have you done an impact analysis to justify such cuts? Do you expect major cutbacks in service because of such cuts?

ANSWER: We do not expect major cutbacks in transit service because of our FY 1990 budget request. This level is adequate to support the Federal interest in transit. Transit serves local needs and is best funded at the local level. Much of the Federal reduction could be compensated by increased state and local financial assistance, efficiencies in competitive contracting, increased productivity and better management of capital equipment. While states and cities have increased the amounts spent for transit in recent years, they continue to spend less than 2 percent of their combined budgets on transit. Considering the annual budget surpluses in many states, they have the flexibility to assume still a greater role in this area if transit is a priority concern.

The elimination of operating assistance affects only the cities over 200,000 population, where the Federal share of costs has been relatively small and where local capacity to make up the difference is greatest.

Congress seems to agree that mass transit is not a major Federal priority. FY 1989 appropriations for UMTA were 12 percent below the authorizations for that year; operating assistance was funded 12 percent below its authorization.

SENATOR LAUTENBERG: What is the status of the Department's effort to amend administration of Section 13(c)? Why does UMTA feel that Section 13(c) needs to be changed?

ANSWER: The Urban Mass Transportation Administration is continuing to seek clarification on a case-by-case basis through application of individual precedents and is undertaking a study of how the Section 13(c) protections compare with the general body of Federal labor law. In addition, we are considering developing university courses and seminars dealing with 13(c) for the transit industry.

We are concerned about the existing section 13(c) process because the Labor Department's case-by-case Section 13(c) administrative process has been tedious and cumbersome, and is particularly burdensome in the case of new program initiatives. The lack of specific Section 13(c) guidelines has resulted in arrangements that exceed the statutory requirements, increase industry operating costs, and cause confusion and misunderstanding as to the requirements to be met for certification.

OPERATING ASSISTANCE

SENATOR LAUTENBERG: List those urban areas where the total Fiscal Year 1989 apportionment for the Section 9 program was less than the fully authorized operating assistance level.

ANSWER: There are no large urbanized areas (those over 1,000,000 in population) where this exists. However, medium size urbanized areas (those areas between 200,000 and 1,000,000 in population) where the Fiscal Year 1989 general fund apportionment was less than the authorized operating assistance level are, Allentown, Pennsylvania; Colorado Springs, Colorado, Lorain-Elyria, Ohio; and Youngstown, Ohio.

In addition, this situation exists in the following states where funds for small urbanized areas (those areas between 50,000 and 200,000 in population) are apportioned to the Governor: Alabama, Arkansas, Georgia, Illnois, Indiana, Iowa, Kansas, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Dakota, Virginia, West Virginia and Wisconsin.

In the urbanized areas and States mentioned above, the full general funds apportionment in Fiscal Year 1989 may be used for operating assistance.

RULEMAKING

SENATOR LAUTENBERG: In the fiscal year 1988 Appropriations Act, Congress directed UMTA to undertake a rulemaking to amend its charter regulation. What has UMTA done in response to this directive?

ANSWER: UMTA has followed the Congressional directive in this matter, and has in fact completed the rulemaking process. UMTA published a notice of proposed rulemaking (NPRM) on the amendment on May 25, 1988, and invited the public to comment for a period of sixty days. On the basis of the data and comment received in response to the NPRM, UMTA drafted its final rule, which was published in the Federal Register on December 30, 1988, and went into effect on January 30, 1989. The new amendment creates three additional exceptions to the use of UMTA-funded facilities and equipment for charter service.

The principal exception would allow the use of UMTA-funded facilities and equipment for direct charter service with non-profit social service agencies that are governmental entities or organizations exempt under Internal Revenue Code 501(c)(1), (3), (4) and (19), provided that the agency is contracting for service for handicapped persons; is a recipient of funds under certain U.S. department of Health and Human Services programs; or has been State-certified according to a procedure set forth in the regulation.

SENATOR LAUTENBERG: What rulemakings does UMTA have in process?

ANSWER: UMTA has two proposed rules and four final rules under development. The two proposed rules concern the bus testing facility and major capital investment projects. The four final rules being developed are: (1) pre-award and post-delivery audits for compliance with Federal requirements; (2) amendments to the Buy America regulation; (3) capital leases; and (4) project management oversight. Each of these rules is required by the 1987 Surface Transportation and Uniform Relocation Assistance Act.

SENATOR LAUTENBERG: List those rulemakings required by the Surface Transportation Act of 1987 and describe their status.

ANSWER:

1. Pre-award and post-delivery audits. A notice of proposed rulemaking (NPRM) was published in the Federal Register on October 18, 1988. The comment period closed December 18, 1988, and UMTA now is developing the final rule.

2. Buy America. An NPRM proposing changes to Buy America was published in the Federal Register on August 26, 1988. The comment period closed October 28, 1988, and UMTA now is drafting the final rule.

3. Capital leases. An NPRM on this subject was published in the Federal Register on May 20, 1988. The comment period ended

July 19, 1988, and UMTA now is preparing the final rule.

4. Bus testing guidelines. UMTA is developing the NPRM on this matter.

5. Project Management Oversight. The agency published a proposed rule on this matter in the Federal Register on July 23, 1987. UMTA now is preparing the final rule.

6. Major capital investment projects. The agency anticipates publishing the NPRM on this rule very soon.

SENATOR LAUTENBERG: Does UMTA contemplate issuing any "notices of proposed rulemaking" in the rest of fiscal 1989 or in fiscal 1990?

ANSWER: In fiscal year 1989 the agency intends to issue a proposed rule on the bus testing facility and on major capital investment projects. Beyond these, at this time, no other new rulemakings are expected to be issued, although we may issue clarifying or organizational rules over the course of the year.

FULL-FUNDING CONTRACTS

SENATOR LAUTENBERG: What Full Funding Contracts are now in existence? (With whom, for what purpose, covering what amount of money, total of the contract and yearly disbursement schedule, if applicable.)

ANSWER: The information follows:

Full Funding Contracts
(Dollars in Millions)

UZA	Issue Date	Funding Source	Project Description	Base Fed. Contract Amount	Funding Thru FY 88	FY 89	FY 90	FY 91	FY 92 and Beyond
Portland (LOI)	3/24/82	IT	Banfield LRT	$ 145.0	$ 145.0	-	-	-	-
		3		$ 92.8	$ 87.0	$ 5.8	-	-	-
San Jose (LOI)	6/22/84	3	Guadalupe LRT	$ 205.8	$ 205.4	$ 0.4	-	-	-
		9A		$ 6.5	$ 6.5	-	-	-	-
		9		$ 45.4	$ 45.4	-	-	-	-
Jacksonville	2/1/85	3	Jacksonville	$ 17.3	$ 15.5	$ 1.8	-	-	-
		9A	Automated Shuttle	$ 1.7	$ 1.7	-	-	-	-
		9		$ 7.5	$ 6.1	$ 1.4	-	-	-
Seattle	5/15/86	3	Bus	$ 196.5	$ 179.7	$16.8	-	-	-
		9	Tunnel	$ 0.5	$ 0.5	-	-	-	-
Wash., D.C.	7/16/86	SH	Metrorail	$1,483.8	$1,483.8	-	-	-	-
Chicago	7/28/86	IT	S.W. Rail Proj.	$ 348.5	$ 322.2	$26.3	-	-	-
San Diego	11/17/86	3	East LRT Ext.	$ 20.2	$ 20.2	-	-	-	-
		9	(11.2 miles)	$ 38.2	$ 30.8	$ 7.4	-	-	-
Atlanta	6/30/88	3	Northeast Line	$ 83.7	$ 39.5	$ 44.2	-	-	-
		9	Chamblee-Doraville	$ 10.2	$ 10.2	-	-	-	-
Atlanta	6/30/88	3	East Line Avondale-Indian Ck.	$ 134.5	$ 105.5	$ 29.0	-	-	-
Chicago	9/23/88	3	256 Rail Cars	$ 187.0	$ 100.7	$ 49.5	$36.7	-	-
		IT		$ 94.4	$ 19.6	$ 28.5	$37.1	$ 9.3	-
St. Louis	10/25/88	3	Metro Link (18-miles)	$ 287.7	-	$149.5	$87.0	$51.2	-
Baltimore	12/21/88	IT	LRT-Section C	$ 273.4	$ 19.6	$81.8	$60.5	$58.8	$52.8

LAUTENBERG: What full-funding contracts is UMTA presently negotiating? What is the status of those negotiations and what do those contracts cover?

ANSWER: UMTA currently is negotiating six Full Funding Agreements covering the following projects:

1. Jacksonville Transportation Authority--extension to the Automated Skyway Express Project. Negotiations are in a preliminary stage awaiting the JTA's identification of segment to be funded with currently available authorization.

2. Los Angeles County Transportation Agency--MOS-2 of the Los Angeles Subway system. Preliminary discussions have been held. The LACTC must identify the scope of the project to be covered by the Full Funding Agreement before negotiations can proceed.

3. Denver Regional Transit District--I-25 busway/HOV Project. Preliminary discussions have been held. There are a number of issues concerning local funding and the possible relocation of railroad tracks that must be resolved before a contract is executed.

4. Miami Dade County--extensions to People Mover. The Full Funding Agreement is essentially complete. UMTA is awaiting further action by Dade County concerning the local commitment to the Project.

5. Houston Metropolitan Transportation Authority--North Freeway Project. Negotiations are essentially completed, and the Agreement should be executed in the near future.

6. California Department of Transportation--San Jose Multimodal Transportation Terminal Stage I Project. Negotiations are on-going. UMTA has determined its position on the remaining outstanding issue, and intends to transmit the final draft to CALTRANS in the near future.

ELDERLY AND HANDICAPPED

SENATOR LAUTENBERG: On what did the Administration base its $35 million request for fiscal year 1990?

ANSWER: We believe that the $35 million level requested in our FY 1990 budget proposal is adequate. It should be recognized that the Section 16(b)(2) program no longer represents the only source of funding for services to elderly and handicapped persons. The requirements of our Section 504 regulation have added significantly to the amount of service provided, in this case, by the public operators. In addition, the Department of Health and Human Services (HHS) estimates that its programs provide over $1 billion per year annually for transportation of its programs' clients, many of whom are elderly or handicapped. Our efforts in working with HHS to improve the climate for coordinating all of these resources should help make the funds provided go further, avoiding any need for additional funding in any one program.

SENATOR LAUTENBERG: On what have Section 16(b)(2) funds been spent?

ANSWER: During Fiscal Year 1988, 1051 private nonprofit agency recipients received Section 16(b)(2) funding for a total of 1,515 specially equipped vehicles to provide transportation for elderly and handicapped persons. Grants also provided for the purchase of ancillary two-way radio equipment. The attached chart shows a breakdown by State of the funding, number of nonprofit recipients, and types of equipment purchased with Section 16(b)(2) funds this fiscal year.

URBAN MASS TRANSPORTATION ADMINISTRATION
SECTION 16(b)(2) PROGRAM
Obligation Status Report - 9-30-88

	FY-88 Total Funds Available	FY-88 Funds Obligated	No. of Recipients	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
REGION I					
CONNECTICUT	513,880	513,880	28	28	28
MAINE	276,195	276,195	8	12	12
MASSACHUSETTS	915,515	915,515	15	0	30
NEW HAMPSHIRE	234,038	234,038	12	3	11
RHODE ISLAND	263,131	263,121	4	2	15
VERMONT	187,558	187,558	9	6	9
TOTAL	$2,390,317	$2,390,307	76	51	105
REGION II					
NEW JERSEY	1,067,238	1,064,216	26	26	26
NEW YORK	2,503,015	2,500,000	79	69	120
VIRGIN ISLANDS	129,450	129,448	2	2	2
TOTAL	$3,699,703	$3,693,664	107	97	148
REGION III					
DELAWARE	189,854	189,854	7	5	7
DISTRICT OF COLUMBIA	208,666	208,666	6	4	9
KENTUCKY	596,769	596,769	20	5	33

	FY-88 Total Funds Available	FY-88 Funds Obligated	No. of Recipients	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
MARYLAND	567,318	567,318	15	30	30
NORTH CAROLINA	809,190	809,190	18	11	28
PENNSYLVANIA	1,776,855	1,776,855	18	41	53
SOUTH CAROLINA	455,329	455,329	26	13	26
TENNESSEE	716,202	716,202	41	5	48
VIRGINIA	683,314	683,314	16	9	34
WEST VIRGINIA	388,378	388,378	16	2	16
TOTAL	$6,391,875	$6,391,875	183	125	284
REGION IV					
ALABAMA	628,693	628,692	9	6	25
FLORIDA	1,930,904	1,930,904	56	12	86
GEORGIA	718,781	718,780	12	9	38
MISSISSIPPI	454,606	454,604	13	5	20
PUERTO RICO	432,550	432,550	14	0	14
TOTAL	$4,165,534	$4,165,530	104	32	183
REGION V					
ILLINOIS	1,508,754	1,508,752	26	32	52
INDIANA	752,384	752,384	23	10	33
MICHIGAN	1,141,220	1,141,220	18	19	23
MINNESOTA	629,179	629,179	30	30	30

	FY-88 Total Funds Available	FY-88 Funds Obligated	No. of Recipients	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
OHIO	1,413,651	1,413,651	73	53	84
WISCONSIN	715,988	715,988	8	10	33
TOTAL	$6,161,176	$6,161,174	178	154	255
REGION VI					
ARKANSAS	478,635	478,635	31	8	31
LOUISIANA	585,594	585,594	25	21	27
NEW MEXICO	254,059	254,059	11	18	18
OKLAHOMA	534,984	534,984	23	15	28
TEXAS	1,642,145	1,642,145	33	24	77
TOTAL	$3,495,417	$3,495,417	123	86	181
REGION VII					
IOWA	532,412	532,412	8	10	39
KANSAS	446,565	446,565	21	4	25
MISSOURI	821,409	821,409	35	11	47
NEBRASKA	341,105	341,104	19	9	20
TOTAL	$2,141,491	$2,141,490	83	34	131

	FY-88 Total Funds Available	FY-88 Funds Obligated	No. of Recipients	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
REGION VIII					
COLORADO	394,046	394,046	7	6	17
MONTANA	214,312	214,312	7	7	7
NORTH DAKOTA	208,040	208,040	8	6	8
SOUTH DAKOTA	219,959	219,959	12	1	12
UTAH	242,615	242,615	12	5	12
WYOMING	163,977	163,977	5	5	5
TOTAL	$1,442,949	$1,442,949	51	30	61
REGION IX					
AMERICAN SAMOA	50,940	50,940	1	1	1
ARIZONA	462,276	462,276	24	13	24
CALIFORNIA	2,793,657	2,793,657	58	48	64
*GUAM	0		0	0	0
HAWAII	208,745	208,745	9	9	9
NEVADA	197,146	197,146	13	1	13
NORTHERN MARIANAS	50,492		0	0	0
TOTAL	$3,763,256	$3,712,764	105	72	111
REGION X					
ALASKA	139,178	139,178	7	0	7
IDAHO	225,106	225,106	10	10	10

	FY-88 Total Funds Available	FY-88 Funds Obligated	No. of Recipients	No. of Vehicles Purchased With Lifts Or Ramps	Total No. of Vehicles Purchased
OREGON	447,482	447,482	16	9	18
WASHINGTON	588,925	588,925	8	12	21
TOTAL	$1,400,691	$1,400,691	41	31	56
GRAND TOTAL	$35,052,409	$34,995,861	1,051	712	1,515

*127,969 transferred to Section 18

SENATOR LAUTENBERG: What, if any, increase in funding is necessary to comply with the Section 504 rule as a result of a January, 1988, Federal court decision invalidating the cost cap provision?

ANSWER: Both sides appealed the January, 1988, Federal court decision and on February 13, 1989, a divided panel of the United States Court of Appeals for the Third Circuit found for the disability group plaintiffs, holding that the local option and cost cap provisions of the Department's section 504 regulation are inconsistent with statutory requirements. On April 11, 1989, the Department of Justice filed a petition for rehearing of this case. We will have to await the outcome of that matter before we can determine what changes, if any, would need to be made to the Department's section 504 regulation.

RESEARCH, TRAINING AND HUMAN RESOURCES

SENATOR LAUTENBERG: Have Section 22 funds been spent on drug and alcohol abuse? Describe the activities, products, and cost for fiscal years 1986, 1987, 1988 and to date for 1989.

ANSWER: No. Although, UMTA has funded several drug and alcohol initiatives using Section 6 funds. In FY 1986, UMTA funded a $70,000 contract that produced a review of substance and alcohol programs funded by the Department of Transportation.

A grant in the amount of $79,000 was awarded to Lincoln University in FY 1987 to document measures currently used by 10 transit agencies to assist employees who abuse drugs and alcohol.

In FY 1987, a $53,000 contract under the auspices of the National Rural Transportation Assistance Program (RTAP) produced a manager's handbook entitled "Substance Abuse Awareness in Rural Transit". This handbook is designed for use as a self-study program, or in an instructor-led or group study approach.

Since enactment of the Drug Rule, UMTA in Fiscal Year 1988, awarded $740,000 to several States (Ohio, Texas, Washington, Pennsylvania, and Florida) to develop comprehensive drug control demonstrations. These drug control demonstrations will address the development of comprehensive prevention and abatement programs; "How To" drug free manuals; Employee Assistance Program and follow-up; statewide training sessions, and the distribution of training materials and detection programs.

Funds in the amount of $50,000 were obligated to conduct a case study of the Southeastern Pennsylvania Transportation Authority's court-approved random drug testing program.

A $50,000 grant was awarded to the Metropolitan Atlanta Rapid Transit Authority to develop 2 drug abuse awareness video tapes for transit industry employees.

Funds totalling $200,000 were obligated to support the development of UMTA's anti-drug rule implementation guidelines and to design a training curriculum for first line supervisors who will make reasonable cause testing referrals in the detection and recognition of employee drug abuse performance indicators.

A grant of $40,000 was awarded to the Southeastern Pennsylvania Transportation Authority to develop a model pre-employment drug testing program.

During Fiscal Year 1989, UMTA providing Section 6 funds to the State of Montana to develop training materials to promote efficient implementation of UMTA's Drug Rule by small and rural operators.

SENATOR LAUTENBERG: University Transportation Centers Program -- What is the status of the program? What is the composition of the first year's research effort?

ANSWER: Grants in the amount of $500,000 each were awarded to ten institutions of higher learning to establish and operate one regional transportation center in each of the ten Federal regions which comprise the Standard Federal Boundary System.

The ten lead institutions selected to participate in the program are as follows:

Region	Institution
I	Massachusetts Institute of Technology
II	City University of New York
III	Penn State University
IV	University of North Carolina Chapel Hill
V	University of Michigan Ann Arbor
VI	Texas A&M University
VII	Iowa State University
VIII	North Dakota State University

IX University of California
Berkeley
X University of Washington

Through consortia and other arrangements, some 36 universities are involved in transportation centers research and technology sharing activities.

Of the 95 research studies being initiated during the first year of the program, 32 have an urban transportation or suburban mobility emphasis.

The first year's line-up of research projects includes all the surface transportation modes.

SENATOR LAUTENBERG: What are your plans for Section 10 in FY 1989 and FY 1990?

ANSWER: In FY 1988 UMTA awarded thirteen grants to transit agencies in the amount of $728,808. In FY 1989 UMTA intends to award a number of statewide training grants that will encourage comprehensive training on a statewide level. This will increase the number of agencies receiving training and promote a new role for the States. In FY 1990 we would hope that the States will independently respond to the demand for training and the Federal role can therefore be diminished.

SENATOR LAUTENBERG: In the past, you indicated research that had looked at innovative financing. To what extent did your research provide such options, and who has used what your research has developed?

ANSWER: The Urban Mass Transportation Administration (UMTA) has continued support of activities that are intended to demonstrate that innovative private financing can be successfully used in the development of new transit facilities. Over the past year UMTA has provided over $900,000 in assistance to support studies to determine the feasibility of private sector and local financing of a variety of transit capital projects.

As a result, a number of transit agencies are seriously assessing innovative financing options for their proposed systems. Salt Lake City; Honolulu; Pittsburgh; Houston; Hennepin County, Minnesota; Chicago; Denver; Baltimore; and New Jersey are just a few examples where transportation agencies and local governments anticipating federal support are seriously considering significant private sector and local public funding support.

EARMARKED PROJECTS--RESEARCH

SENATOR LAUTENBERG: What is the status of the fuel cell battery-powered bus project for which this Committee has earmarked past appropriations?

ANSWER: An Interagency Agreement with DOE has been signed for the joint DOE/DOT fuel cell/battery Powered Bus development program. To date Congress has earmarked $800,000 of the $1,000,000 that was earmarked in FY 1988 was transferred to DOE. The $200,000 balance is being used to conduct an independent assessment and evaluation of the technical and economic feasibility of a phosphoric acid fuel cell/battery propulsion system for urban transit buses. The focus of this evaluation was to provide the data to make a rational decision as to whether to proceed with subsequent phases of the project. Additionally, per the joint DOE/UMTA program plan, an ad hoc technical panel has been convened to assist in the evaluation of Phase I.

Prior to the UMTA's commitment of additional funds for this project, the results from the independent evaluation and that of the ad hoc technical panel are needed. The evaluations are anticipated to be completed by the end of 1989.

It is our understanding that sufficient funds exist from previous funding and DOE's FY 1989 commitment to this project preclude any disruptive delays to the progress of Phase I work.

I will advise you of the results of the evaluations when completed. If the results indicate that this type of technology is not technically or economically feasible for normal every day transit revenue service operation we will advise Congress concerning our FY 1989 earmarked funds.

SENATOR LAUTENBERG: What is the status of the Cold Weather Technology Project that Received Prior Earmarks?

ANSWER: In FY 1986 Congress earmarked funds to the University of Notre Dame for a study of cold weather transit technology.
The proposed work consists of:
- examining third rail icing and track freezing;
- gathering and organizing data on ice and snow in preparation for hardware testing and development;
- comparing conventional rail heating (tape) with the use of radio frequency to heat the rails;
- conducting tests to support the above work as well

as obtaining data for solving equipment problems.

Notre Dame was previously awarded $11 million for CWTT based on FY 1980 and FY 1981 earmarks. In March 1988, UMTA received comments from a number of transit authorities in northern cities, among them Chicago, which expressed a lack of interest in the research products investigated under the CWTT program.

The cooperative agreement with Notre Dame was executed on June 13, 1988, for $2.34 million. However, Notre Dame's sole source justification and cost analysis for its subcontractor, Electrocom, was incomplete. On December 21, 1988, UMTA wrote Notre Dame and requested strict compliance with UMTA Circular 4220.1B (Third Party Contracting). On March 2, 1989 (received March 5, 1989) Notre Dame submitted its reply to UMTA's December 21, 1988 letter which is currently being reviewed.

SENATOR LAUTENBERG: What is the status of the $1 million earmarked for the Easter Seals demonstration projects on "making transit accessible for handicapped?"

ANSWER: UMTA approved first year funding in the amount of $1 million on June 30, 1988. Second year application from the National Easter Seal Society (NESS) to UMTA for 1.350M is currently being reviewed. We have held several meetings with the Chicago staff of the National Easter Seal Society (NESS) concerning this project. NESS recently hired a project demonstration director for their Washington, D.C. office. On January 24, 1989, NESS held a meeting of the demonstration project's National Steering Committee. This committee, made up of a variety of disabled groups, were tasked to come up with ideas for a series of demonstration activities. NESS will solicit those ideas during the Spring, 1989, and has stated that project implementation will begin sometime in the Fall, 1989.

BUS EARMARKS

SENATOR LAUTENBERG: What is the status of the $2.5 million earmark for the intermodal station at the convention center in Portland, OR?

ANSWER: TRI-MET is currently conducting an environmental assessment of the project. Once this work is completed, TRI-MET intends to file an application for discretionary funding under the earmark.

SENATOR LAUTENBERG: What is the status of the $3.1 million earmark for expanding Baltimore's suburban transit program?

ANSWER: The MTA has filed an application for a portion of these funds ($0.5 million) to assist in the purchase of four buses to be leased to a private operator in Howard County, MD. The grant application is currently under review.

SENATOR LAUTENBERG: What is the status of the $12.2 million earmark for buses and the Cold Springs garage?

ANSWER: NFTA has filed an application under this earmark for 25 Alternative fuel buses which is being reviewed by the UMTA regional office at this time. NFTA has also applied for Section 3 funds to construct the Cold Springs replacement garage. This grant is also being reviewed by the UMTA regional office. Neither project has been issued a 13(c) certification.

ABSENTEEISM

SENATOR LAUTENBERG: Your agency has estimated that the absenteeism rate in the transit industry is three times the national industrial average. Have you seen any improvement? How does this affect the transit industry?

ANSWER: Thanks to transit management's attention to the problem of absenteeism, we see signs of marginal improvement. Excessive absenteeism costs the transit industry tens of millions of dollars annually.

We based our estimate on a survey of absence in the transit industry conducted in 1978 by the Port Authority of Allegheny County (PAT) and Peat, Marwick, Mitchell and Company (PMM). Excluding holidays and vacation, the average transit operator was absent 29 days per year or 12 percent of the average annual scheduled workdays. In the same period, the Department of Labor estimated that work hours lost annually through absence in all industries came to 3.5 percent.

Furthermore, the 1978 PAT-PMM study suggested that absenteeism in transit had significantly worsened since 1974.

Excessive absenteeism cost the transit industry an estimated $187 million in 1978, or $1,780 per operator per year. That amount represents approximately 20 percent of the annual Federal transit operating subsidy.

There is some direct evidence that absence has declined marginally in the 1980's. From July 1981 to April 1985 the American Public Transit Association (APTA) surveyed its members to obtain "typical weekday absenteeism of vehicle operators." According to these surveys, which are not strictly comparable to the 1978 PAT-PMM survey, the average absence rates for all systems declined slightly from 9.0 to 7.9 percent over the four twelve-month time periods from July 1981 to April 1985.

In addition, evidence from individual systems suggests that when managers are determined to reduce absenteeism they can achieve significant successes. For example, the San Diego Transit Corporation in 1981 reduced its absence rate from 12.9 percent to 6.3 percent. Other systems have achieved comparable savings.

Finally, the levelling off of transit operating costs nationally in the mid-1980's is indirect evidence that absenteeism and other productivity problems may be receiving more attention than they have in the past.

SENATOR LAUTENBERG: Why is there such a high level of absenteeism?

ANSWER: In a review of recent studies of absenteeism, four factors emerged as particularly significant in accounting for high absences. First, the widespread availability of overtime pay in the transit industry diminishes the economic benefits of regular attendance. Secondly, the scheduling requirements of operating transit vehicles tend to reduce the drivers' opportunities to take time off when needed. Third, transit operators are subjected to unusual stressors, such as tight schedules, long hours, poor equipment, difficult interactions with passengers, driving safely on congested urban streets and even the threat of physical violence. Fourth, many transit systems have lenient eligibility rules for sick leave compensation.

SENATOR LAUTENBERG: Provide absenteeism data for UMTA's largest grantees for the last five years.

ANSWER: Unfortunately, absenteeism data on the individual system or national industry level is not readily available from our data sources. To answer this question would require a survey of the five largest systems. If the committee wishes, I would gladly undertake such a survey. However, I would not guarantee that the records exist locally which would allow fair comparisons among the five systems, nor between years for the same system.

In lieu of a direct reply to your question, it is possible, patching together existing research, to provide some evidence of the magnitude and diversity of absenteeism in our largest systems and of change over time.

A recent study of the impact of labor provisions in three systems--Indianapolis, New Orleans and Philadelphia--suggests the magnitude of absenteeism in 1987. To achieve comparability in this study, all absences--vacation, holidays, sick leave, etc--were included. Including all absences, the rate in 1987 for Indianapolis was 11.8 percent; for Philadelphia, 21.2 percent; and for New Orleans, 14.4 percent.

Change over time is suggested by absenteeism studies in several large transit systems at different time periods. The definition of absence is unique to each study, so any comparison among the cities based on these figures would be misleading.

In the Southern California Rapid Transit District (SCRTD, Los Angeles), absence for bus drivers increased from 12.8 percent in 1982 to 13.5 percent in 1985. In the Washington Metropolitan Area Transportation Authority (WMATA), absence among bus drivers decreased from 14 percent in 1982 to 8.9 percent in 1986. In the Chicago Transit Authority (CTA), paid sick leave for bus drivers increased from 5.3 percent in 1985 to 5.6 percent in 1986. At Seattle Metro, annual sick leave per operator decreased from 17.8 percent in 1977 to 8.2 percent in 1986.

TRIENNIAL REVIEW

SENATOR LAUTENBERG: Has UMTA conducted evaluations of the triennial review process? What is UMTA's view of the effectiveness of the process? Are any changes planned in the triennial reviews?

ANSWER: UMTA conducted an evaluation of the triennial review process at the end of the first three-year cycle in FY 1987. We conducted another evaluation at the end of the first year of the second three-year cycle and intend to conduct evaluations on an ongoing basis. UMTA's view of the effectiveness of the process is that the process is a success. It has resulted in cash recoveries, improved management techniques, better understanding of the grantees' problems and greater grantee understanding of UMTA programs. We plan no major changes for FY 1989 or 1990.

SECTION 15 DATA

SENATOR LAUTENBERG: Given that Section 15 data are used in allocating Section 9 formula grants, what data are used for making current allocations? Is it reasonable to use data that are several years old?

ANSWER: Apportionment of funds to urbanized areas under the Section 9 program are made on the basis of a statutory formula. In general, the formula funds are apportioned on the basis of population and population density for urbanized areas under 200,000 in population; and for urbanized areas over 200,000 in population, population, population density, fixed guideway route miles, bus and fixed guideway vehicle passennger miles travelled and operating costs.

The latest available data is used in making the Section 9 apportionments. Population and population density are taken from or based on the most recent decennial census. The transit operating and financial statistics used are the latest validated data submitted for the Section 15 Report. Section 15 reports must be submitted by reporters in an accurate and timely manner to allow an orderly validation to take place.

The law requires UMTA to apportion Section 9 formula funds for any Fiscal Year not later than the 10th day following the date on which such funds are appropriated or October 1 of such Fiscal Year, whichever is later. We believe the data used is fairly recent and quite reasonable.

SENATOR LAUTENBURG: When does UMTA expect to publish the Section 15 reports for 1987 and 1988? Has UMTA any plans to obtain the pertinent data on a more timely schedule?

ANSWER: UMTA plans to publish the 1987 Section 15 report by the end of May 1989 followed by the 1988 report by the end of December 1989. Under optimun condition the 1989 report could be issued by the end of September 1990 followed by a report in September each year thereafter.

UMTA'S SAFETY ROLE

SENATOR LAUTENBERG: What is the role of the Office of Safety and Security, within the Technical Assistance branch of UMTA? Are staffing levels and funding sufficient? Is the role of the office being reconsidered because of the task force report?

ANSWER: UMTA has had an active safety program since the mid-1970's. Although it has changed in emphasis periodically it has always been pro-active and important to the transit industry.

UMTA's Office of Safety will give transit safety the prominence called for without altering UMTA's basic mission. It will accomplish this by emphasizing the proper role of State and local agencies and by working within the existing mechanisms of transit safety.

UMTA's technical assistance for safety will be primarily in the form of training. Virtually all studies, reports and guidelines prepared by UMTA are utilized in the UMTA training courses.

UMTA is assisting the States in enhancing their role in the oversight of public transit safety. We are assisting by providing technical assistance in such areas as: fire detection and suppression, fire safety countermeasures, emergency preparedness, and evacuation of the elderly and handicapped from both bus and rail.

Because transit is the result of multiple actions by Federal, State and local agencies, interaction of those groups requires a thoughtful approach in which the use of Federal regulations are only one tool. Federal action that pre-empts local, regional or State accountability is a situation to be avoided.

Consistent with UMTA's approach to its safety functions, the office has sufficient personnel and funding resources to further the program's goals and objectives.

UMTA's legislation reflects the intent of Congress that UMTA not regulate urban mass transportation as it goes about its basic mission of providing financial assistance. With the exception of a limited investigative statute (Section 22), Congress has authorized UMTA to promote safety solely through technical assistance and grant management actions.

SENATOR LAUTENBERG: What are you doing to increase your consultation with the transit industry in determining what safety research projects to undertake?

ANSWER: The Office of Technical Assistance and Safety consults frequently with representatives of the transit industry to develop initiatives that promote nationwide awareness of safety and security issues among the States and local officials.

Safety Faculty Committees for Bus, Rail and Transit Security have been established. These Committees assist in identifying and dealing with critical safety and security training issues and operate under the auspices of the Transportation Safety Institute.

UMTA has ongoing coordination with the American Public Transit Association's Drug and Alcohol Task Force.

The Transportation Research Board (TRB) has recently formed a Transit Safety Task Force in which the Deputy Associate Administrator for Safety is an active participating member. TRB's Task Force will be addressing Drug and Alcohol initiatives, and determining what types of safety oriented programs will be presented at its Annual Meeting. During TRB's January 1989 Annual Meeting, UMTA conducted a safety training workshop on Human Factors in Transportation which was very well received by the participants.

UMTA's safety training program serves as an outreach effort in which we request the attendees' input into the types of training, publications, and technical assistance to be offered.

UMTA consults regularly with various mass transit organizations that participate as members of the Rural Transit Assistance Program (RTAP) Advisory Board. This 15-member RTAP Advisory Board of State officials and rural operators provides guidance in the development of the National safety initiatives.

Safety issues frequently arise during the normal business between grantees and UMTA's regional offices. These contacts may result in problem and R&D project identification.

Through selected cooperative activites with AASHTO and a group of states involved in the MTAP program UMTA is keeping abreast of state level issues and needs.

SENATOR LAUTENBERG: Have you done any Section 22 reviews: What did you find?

ANSWER: In 1987, we conducted a Section 22 safety evaluation of the Norristown High Speed Line at SEPTA. The evaluation was completed in September 1987, and copies of the report were sent to Members of Congress.

The report enumerated a number of safety deviations, such as: obsolete deteriorated facilities and equipment; insufficient number of qualified managers adhering to safety procedures; limited number of safety 2 specialist; insufficient maintenance crews, and drug and alcohol involvement by operators involved in accidents.

SEPTA initially responded to the report on October 29, 1987, providing generalized information on the approaches taken to assure safe and efficient operation of the Norristown High Speed Line. UMTA staff met with the General Manager and his senior staff to re-evaluate the Norristown Line. The staff was very satisfied with the changes that had been made to the conditions raised in the investigations.

Without identifying each specific accomplishment the findings are summarized as follows: many improvements in the physical plant were identified; addition of key personnel as well as changes in personnel and reporting relationships at the operating and maintenance level had been made; the creation of procedures and configuration management documentation were made to assure that safety related items are being properly addressed; and top management support has been given to individuals responsible for implementing changes to the Norristown Line.

SEPTA's final response is expected by the end of March, 1989. Upon UMTA's approval of SEPTA's response which identifies both actions taken and plans for addressing open items; our Region III will provide oversight through normal program reviews.

TRANSIT DATA

SENATOR LAUTENBERG: What is federal per capita funding (including formula and discretionary funds) by city size?

ANSWER: In fiscal year 1988, areas over 1 million population received an average of $34.80 per capita, areas 200,000 to 1 million population $10.34 per capita, areas 50,000 to 200,000 population $8.15 per capita and non-urbanized areas $1.41 per capita.

SENATOR LAUTENBERG: For 1980 through latest available data, show: total transit ridership, passengers per transit employee, vehicle miles per employee, passengers per vehicle, cost per vehicle mile of service, cost per passenger, and cost per passenger mile.

ANSWER: The data is as follows:

	Passengers (billions)	Pass./ Employee	Veh. Mi./ Employee	Passengers/ Peak Vehicle (thousands)
1980	7.82	47,023	10,512	176.7
1981	7.77	45,201	10,690	168.4
1982	7.23	43,230	10,618	166.7

1983	8.30	43,176	10,678	164.8
1984	8.24	43,064	10,627	165.5
1985	8.10	40,590	10,206	160.5
1986	7.61	38,403	10,444	162.9

	Operating Cost Per Vehicle Mi	Operating Cost Per Passenger	Operating Cost Per Pass. Mi.
1980	$3.24	$0.73	$0.20
1981	$3.58	$0.85	$0.23
1982	$3.88	$0.95	$0.25
1983	$4.19	$1.05	$0.26
1984	$4.51	$1.08	$0.28
1985	$4.66	$1.17	$0.30
1986	$4.73	$1.27	$0.33

The source of this information is Section 15 data as analyzed in the most recent Section 310 report supplemented by analysis by UMTA staff of 1986 data. It does not include commuter rail since commuter rail data was not reported prior to 1984.

SENATOR LAUTENBERG: How does UMTA measure transit system productivity?

ANSWER: As described in the Section 310 report, UMTA measures transit performance in terms of efficiency as measured by cost per revenue vehicle hour, service effectiveness as measured by passenger miles per revenue vehicle hour and cost effectiveness in terms of cost per passenger mile. Productivity, which is the amount of input required to produce a certain amount of output, is particularly important when assessing labor utilization. Labor productivity is the amount of service produced (revenue vehicle hours) per unit of labor (full time equivalent employees). Because labor accounts for over 70 percent of transit cost, changes in this measure, together with average total compensation per full time equivalent employee, represent the most important determinants of changes in efficiency.

SENATOR LAUTENBERG: What is your estimate of the bus needs in FY 1989 that would be funded by UMTA?

ANSWER: During FY 1989, it is estimated that UMTA will obligate approximately $236 million in Section 9 funds for the purchase of 1,750 standard buses.

We expect additional bus purchases under the Section 3, FAUS, and Interstate Transfer Transit Program.

SENATOR LAUTENBERG: What's the current estimate of excess capacity in the bus manufacturing industry?

ANSWER: The excess capacity of the bus manufacturing industry is estimated to be approximately 50%.

TABLES AND DATA

SENATOR LAUTENBERG: What are the unobligated balances in the UMTA program categories (i.e., Section 6, Section 9, Section 16(b)(2), etc.).

ANSWER: The above questions are answered in the attached tables.

U. S. Department of Transportation
Urban Mass Transportation Administration
Status of Program Funds Report
Summary as of February 28,1989

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
DISCRETIONARY GRANTS									
Section 3, Bus	$122,790,144.00	$0.00	$145,270,577.66	1,272,014.71	(1,016,061.71)	0.00	$268,316,674.66	71,872,347.66	$196,444,327.00
Section 3, Rail	320,247,097.00	0.00	436,805,000.00	2,862.00	0.00	0.00	757,054,959.00	344,631,570.00	412,423,389.00
Section 3, New Systems	301,254,481.00	0.00	399,990,000.00	0.00	0.00	0.00	701,244,481.00	151,299,000.00	549,945,481.00
Section 3, Innovative Techniques	0.00	0.00	0.00	150,573.00	0.00	0.00	150,573.00	0.00	150,573.00
Section 3(a)1(c), Technology Introduction	400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	400,000.00	0.00
Section 3, Project Management Oversight	2,100,754.00	0.00	4,925,000.00	0.00	0.00	0.00	7,025,754.00	1,036,692.00	5,989,062.00
Subtotal, Section 3	$746,792,476.00	$0.00	$986,990,577.66	$1,425,449.71	($1,016,061.71)	$0.00	$1,734,192,441.66	$569,239,609.66	$1,164,952,832.00
Section 18(b), RTAP	1,011,663.00	0.00	5,000,000.00	0.00	0.00	0.00	6,011,663.00	834,717.00	5,176,946.00
Section 8, Planning Special Studies	4,091,706.08	0.00	4,500,000.00	436,439.93	(13,676.00)	0.00	9,014,470.01	2,751,672.00	6,262,798.01
Section 8, Planning MPO and State Grants	0.00	0.00	40,500,000.00	17,969.43	0.00	0.00	40,517,969.43	0.00	40,517,969.43
Section 16b2, Elderly and Handicapped	56,560.00	0.00	35,000,000.00	261,280.90	(115,917.50)	(273,321.33)	34,928,598.00	7,127,782.00	27,800,816.00
University Centers	0.00	0.00	5,000,000.00	0.00	0.00	0.00	5,000,000.00	0.00	5,000,000.00
Bus Testing Facility	3,140,787.00	0.00	0.00	0.00	0.00	0.00	3,140,787.00	0.00	3,140,787.00
Section 9B Blend	22,028,221.00	0.00	70,000,000.00	0.00	0.00	(245,763.00)	91,782,458.00	11,143,667.00	80,638,791.00
Section 9B, trans to 18	0.00	0.00	0.00	0.00	0.00	245,763.00	245,763.00	11,208.00	234,555.00
Section 9A, Urban Formula	$0.00	$0.00	$0.00	$23,695.92	$0.00	($23,695.92)	$0.00	$0.00	$0.00
Section 16, Trans. to 18	0.00	0.00	0.00	0.00	0.00	127,950.00	$127,950.00	127,950.00	$0.00
Waterborne	570.87	0.00	0.00	0.00	0.00	0.00	570.87	0.00	570.87
Undistributed	48,432,532.97	0.00	0.00	0.00	0.00	168,867.24	48,601,400.21	3,171.01	48,598,229.20
Obligation Limitation	221,157,000.00	0.00	110,000,000.00	0.00	0.00	0.00	331,157,000.00	0.00	331,157,000.00
Reimbursable Authority	65,000.00	0.00	0.00	0.00	0.00	0.00	65,000.00	65,000.00	0.00
Total, Discretionary Grants	$1,046,776,504.92	$0.00	$1,256,990,577.66	$2,164,843.89	($1,145,655.29)	($0.00)	$2,304,786,071.18	$591,304,776.67	$1,713,481,294.51
RESEARCH, TRAINING, AND HUMAN RESOURCES									
Section 6, Research and Development	$566.39	$0.00	$7,000,000.00	$0.00	$0.00	$1,176,209.95	$8,176,776.34	$1,176,209.95	$7,000,566.39
Section 10, Managerial Training	476,096.92	0.00	1,250,000.00	0.00	0.00	0.00	1,726,096.92	90,000.00	1,636,096.92
Section 11, University Research	63,430.09	0.00	750,000.00	0.00	0.00	0.00	813,430.09	0.00	813,430.09
Section 20, Human Resources	532,703.73	0.00	1,000,000.00	0.00	0.00	0.00	1,532,703.73	0.00	1,532,703.73
Undistributed	$223,229.88	0.00	$0.00	$2,105,271.30	0.00	($1,176,209.95)	1,152,291.23	$0.00	1,152,291.23
Reimbursable Authority	235,000.00	0.00	0.00	0.00	0.00	0.00	235,000.00	0.00	235,000.00
Total, Research, Train. & Human Resources	$1,451,906.93	$0.00	$10,000,000.00	$2,105,271.30	$0.00	$0.00	$13,637,178.31	$1,266,209.95	$12,370,968.36

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
INTERSTATE TRANSFER GRANTS									
Interstate Transfer	$51,394,054.20	$0.00	$199,000,000.00	$321,060.46	$0.00	$0.00	$250,715,114.66	$90,854,438.00	$159,860,676.66
Project Management Oversight	580,235.00	0.00	1,000,000.00	0.00	0.00	0.00	1,580,235.00	169,942.00	1,410,293.00
Reimbursable Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total, Interstate Transfer Grants	$51,974,289.20	$0.00	$200,000,000.00	$321,060.46	$0.00	$0.00	$252,295,349.66	$91,024,380.00	$161,270,969.66
WASHINGTON METRO									
Washington Metro	$60,439,091.00	$0.00	$167,160,000.00	$0.00	$0.00	$0.00	$227,599,091.00	$0.00	$227,599,091.00
Project Management Oversight	902,500.00	0.00	840,000.00	0.00	0.00	0.00	1,742,500.00	0.00	1,742,500.00
Total, Washington Metrorail	$61,341,591.00	$0.00	$168,000,000.00	$0.00	$0.00	$0.00	$229,341,591.00	$0.00	$229,341,591.00
JOBS BILL									
Section 3, Jobs Bill	0.00	0.00	0.00	0.00	0.00	0.00	$0.00	0.00	$0.00
Undistributed	1,006,661.00	0.00	0.00	0.00	0.00	0.00	$1,006,661.00	0.00	$1,006,661.00
Total, Jobs Bill	1,006,661.00	0.00	0.00	0.00	0.00	0.00	$1,006,661.00	0.00	$1,006,661.00
FORMULA GRANTS									
Section 5, Urban Formula	$1,358,775.30	$0.00	$0.00	$1,322,772.43	$0.00	$0.00	$2,681,547.73	$59,137.76	$2,622,409.97
Section 5, Urban Formula-Discretionary	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal, Section 5	$1,358,775.30	$0.00	$0.00	$1,322,772.43	$0.00	$0.00	$2,681,547.73	$59,137.76	$2,622,409.97
Section 9, Urban Formula	$497,004,032.79	$0.00	$1,525,578,018.00	$21,205,401.75	$0.00	($631,787.00)	$2,043,155,665.54	$497,486,181.00	$1,545,669,484.54
Section 9, Urban Formula-Discretionary	137,103.00	0.00	0.00	0.00	0.00	0.00	137,103.00	0.00	137,103.00
Section 9, Project Management Oversight	5,453,159.00	0.00	8,017,982.00	0.00	0.00	0.00	13,471,141.00	0.00	13,471,141.00
Section 18, Nonurban Formula trans. to 9 (T9)	200,000.00	0.00	0.00	0.00	0.00	156,055.00	356,055.00	111,827.00	244,228.00
Undist. Sec. 9, Available for Reappt. in FY 90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal, Section 9	$502,794,294.79	$0.00	$1,533,596,000.00	$21,205,401.75	$0.00	($475,732.00)	$2,057,119,964.54	$497,598,008.00	$1,559,521,956.54
Section 18, Nonurban Formula	$13,990,121.53	$0.00	$66,404,000.00	$234,973.60	$0.00	($156,055.00)	$80,473,040.13	$10,048,419.00	$70,424,621.13
Section 18, Project Management Oversight	323,196.00	0.00	0.00	0.00	0.00	0.00	323,196.00	0.00	323,196.00
Section 18, Nonurban Formula trans. to FHWA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 9, Urban Formula trans. to 18 (CU)	240,223.73	0.00	0.00	0.00	0.00	331,787.00	572,010.73	0.00	572,010.73
Section 9, Urban Formula trans. to 18 (UU)	350,643.00	0.00	0.00	0.00	0.00	300,000.00	650,643.00	50,000.00	600,643.00
Section 9, Urban Formula trans. to 18 (FHWA)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
Section 9A, Urban Formula trans. to 18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal, Section 18	$14,906,102.26	$0.00	$66,404,000.00	$234,973.60	$0.00	$475,732.00	$82,018,807.86	$10,090,419.00	$71,928,388.86
Commuter Rail	$136,698.11	$0.00	$0.00	$0.00	$0.00	$0.00	$136,698.11	$0.00	$136,698.11
Commuter Rail Operating Subsidies	3,370.00	0.00	0.00	0.00	0.00	0.00	$3,370.00	0.00	$3,370.00
Unrestricted Cash	779,987.91	0.00	0.00	0.00	0.00	0.00	779,987.91	0.00	779,987.91
FHWA	100,879.15	0.00	0.00	520,201.77	0.00	0.00	621,080.92	0.00	621,080.92
Total, Formula Grants	$520,070,107.52	$0.00	$1,600,000,000.00	$23,283,369.55	$0.00	$0.00	$2,143,361,537.07	$507,755,564.76	$1,635,605,972.31
UMTA PROGRAM FUNDS TOTAL	$1,682,629,160.57	$0.00	$3,234,990,577.66	$27,954,325.28	($1,145,655.29)	($0.00)	$4,944,428,308.22	$1,191,330,931.38	$3,753,097,456.84
JOBS BILL (69X1122 - 20) - sec. 3	0.00	0.00	0.00	0.00	0.00	0.00	$0.00	0.00	$0.00
Undistributed - Discretionary	1,006,661.00	0.00	0.00	0.00	0.00	0.00	$1,006,661.00	0.00	$1,006,661.00
Total Jobs Bill	1,006,661.00	0.00	0.00	0.00	0.00	0.00	1,006,661.00	0.00	1,006,661.00
WATERBORNE (69X1126 - 14)	$570.07	$0.00	$0.00	$0.00	$0.00	$0.00	$570.07	$0.00	$570.07
RESEARCH, TRAINING, AND HUMAN RESOURCES (69X1121 - 11)									
Section 6, Research and Development(Undistributed)	$133,067.00	$0.00	$7,000,000.00	$2,041,793.59	$0.00	(1,176,209.95)	$7,999,051.46	$0.00	$7,999,051.46
Section 6, Research and Development(URT)	0.00	$0.00	0.00	0.00	0.00	1,021,167.95	$1,021,167.95	1,021,167.95	$0.00
Section 6, Research and Development(UBP)	0.00	$0.00	0.00	0.00	0.00	155,042.00	$155,042.00	155,042.00	$0.00
Section 6, Research and Development(UCR)	0.00	$0.00	0.00	0.00	0.00	0.00	$0.00	0.00	$0.00
Section 6, Research and Development(UGM;	0.00	0.00	0.00	0.00	0.00	0.00	$0.00	0.00	$0.00
Section 10, Managerial Training	466,962.92	$0.00	1,250,000.00	0.00	0.00	0.00	1,716,962.92	90,000.00	1,626,962.92
Section 11, University Research	36,943.83	$0.00	750,000.00	0.00	0.00	0.00	786,943.83	0.00	786,943.83
Section 20, Human Resources	532,703.73	$0.00	1,000,000.00	0.00	0.00	0.00	1,532,703.73	0.00	1,532,703.73
Total Research (UDP-23.2)	$1,170,078.28	$0.00	$10,000,000.30	$2,041,793.59	$0.00	$0.00	$13,211,871.87	$1,266,209.95	$11,945,661.92
Reimbursable Authority	235,880.00 1/	0.00	0.00	0.00	0.00	0.00	235,880.00	0.00	235,880.00 2/
Total Research, Train. & Human Resources	$1,405,958.28	$0.00	$10,000,000.00	$2,041,793.59	$0.00	$0.00	$13,447,751.87	$1,266,209.95	$12,181,541.92

1/ Includes 6,750 Managerial Training Reimbursement

2/ Please n' ·se funds are available for Section 6 obligations.

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
INTERSTATE TRANSFER GRANTS (69X1127 - 15)									
Section 23/29 - FHWA	$162,095.35	$0.00	$0.00	$0.00	$0.00	$0.00	162,095.35	$0.00	162,095.35
Section 23/29 - Interstate (1982 & Prior)	303,117.27	$0.00	0.00	0.00	0.00	0.00	303,117.27	0.00	303,117.27
Section 23/29 - Interstate (1984)	295,954.00	$0.00	0.00	0.00	0.00	0.00	295,954.00	0.00	295,954.00
Section 23/29 - Interstate (1985)	709,372.31	$0.00	0.00	3,917.46	0.00	0.00	713,289.77	0.00	713,289.77
Section 23/29 - Interstate (1987)	1,396,752.00	$0.00	0.00	0.00	0.00	0.00	1,396,752.00	1,396,752.00	0.00
Section 23/29 - Interstate (1988)	48,316,327.00	$0.00	0.00	0.00	0.00	0.00	48,316,327.00	38,788,526.00	9,527,801.00
Section 23/29 - Interstate (1989)	0.00	0.00	199,000,000.00	0.00	0.00	0.00	199,000,000.00	50,458,724.00	148,541,276.00
Project Management Oversight (1988)	588,235.00	$0.00	0.00	0.00	0.00	0.00	588,235.00	169,942.00	418,293.00
Project Management Oversight (1989)	0.00	0.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00
Total Interstate	$51,763,852.93	$0.00	$200,000,000.00	$3,917.46	$0.00	$0.00	$251,767,770.39	$90,813,944.00	$160,953,826.39
Reimbursable Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Interstate Transfer	51,763,852.93	0.00	200,000,000.00	3,917.46	0.00	0.00	251,767,770.39	90,813,944.00	160,953,826.39
WASHINGTON METRO (69X1128 - 16)									
Section 15 - Washington Metro	$60,439,091.00	$0.00	$167,160,000.00	$0.00	$0.00	$0.00	$227,599,091.00	$0.00	$227,599,091.00
Project Management Oversight (1988)	902,500.00	0.00	0.00	0.00	0.00	0.00	902,500.00	0.00	902,500.00
Project Management Oversight (1989)	0.00	0.00	840,000.00	0.00	0.00	0.00	840,000.00	0.00	840,000.00
Total, Washington Metro	$61,341,591.00	$0.00	$168,000,000.00	$0.00	$0.00	$0.00	$229,341,591.00	$0.00	229,341,591.00
FORMULA GRANTS 69X1119 - (10)									
FHWA	$100,879.15	$0.00	$0.00	$520,201.77	$0.00	$0.00	$621,080.92	$0.00	621,080.92
Section 3 - Discretionary	0.00	0.00	1,990,577.66 4/	$1,016,061.71	($1,016,061.71)	0.00	1,990,577.66	1,990,577.66	0.00
Section 5 - Formula	730,526.80	0.00	0.00	545,897.17	0.00	0.00	1,276,423.97	0.00	1,276,423.97 3/
Section 6 - Research	10,328.39	0.00	0.00	143,477.79	0.00	0.00	153,806.18	0.00	153,806.18
Section 8 - Planning	0.00	0.00	0.00	13,676.00	(13,676.00)	0.00	0.00	0.00	0.00
Section 10 - Managerial Training	9,134.00	0.00	0.00	0.00	0.00	0.00	9,134.00	0.00	9,134.00
Section 11 - University Research	26,486.26	0.00	0.00	0.00	0.00	0.00	26,486.26	0.00	26,486.26
Section 16b2 - Elderly & Handicapped	0.00	0.00	0.00	115,917.58	(115,917.58)	0.00	0.00	0.00	0.00
Commuter Rail Operating Subsidies	3,370.00	0.00	0.00	0.00	0.00	0.00	3,370.00	0.00	3,370.00
Section 18 - Nonurban Formula	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 23/29 - Interstate	210,436.27	0.00	0.00	317,143.00	0.00	0.00	527,579.27	210,436.00	317,143.27
Commuter Rail	136,698.11 1/	0.00	0.00	0.00	0.00	0.00	136,698.11	0.00	136,698.11
Unrestricted Cash	779,987.91	0.00	0.00	0.00	0.00	0.00	779,987.91	0.00	779,987.91
Subtotal, 69X1119	$2,007,846.89	$0.00	$1,990,577.66	$2,672,375.02	($1,145,655.29)	$0.00	$5,525,144.28	$2,201,013.66	$3,324,130.62

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
69X1123 - (13)									
Section 18 - Nonurban Formula	$59,765.71	$0.00	$0.00	$94,490.27	$0.00	$0.00	$154,255.98	$0.00	$154,255.98 2/
69X1124 - (13)									
Section 5 - Urban Formula	$628,248.50	$0.00	$0.00	$776,875.26	$0.00	$0.00	$1,405,123.76	$59,137.76	$1,345,986.00 3/

1/ Section 66 "Commuter Rail"
2/ All Section 18 funds under this appropriation lapse to states at DOT and prior year recoveries shall be added to amounts available for apportionment under Sec. 18 of the current FY.
3/ All Section 5 funds lapse to UZAs at DOT and the unobligated balances and prior year recoveries "shall be added to amounts available for apportionment under Section 9..."
4/ Funds available to record project obligations where deobligations were recorded in prior FY-88.
(Funds will be restored by UMP-24 on 9/30/89)

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
69X1129 - (21)									
Section 90 - Urban Formula (1984)	$1,888,720.03	$0.00	$0.00	$673,943.25	$0.00	$0.00	$2,562,663.28	$0.00	$2,562,663.28
Section 90 - Urban Formula (1985)	330,702.37	0.00	0.00	877,831.95	0.00	0.00	1,208,534.32	0.00	1,208,534.32
Section 90 - Urban Formula (1986)	62,968,614.58	0.00	0.00	15,018,057.58	0.00	0.00	77,986,672.16	23,513,450.00	54,473,222.16
Section 90 - Urban Formula (1987)	129,553,490.58	0.00	0.00	6,497,094.97	0.00	0.00	136,050,585.55	23,225,179.00	110,825,406.55
Section 90 - Urban Formula (1988)	302,262,505.23	0.00	0.00	138,474.00	0.00	(116,342.00)	302,284,637.23	56,008,190.00	246,276,447.23
Section 90 - Urban Formula (1989)	0.00	0.00	1,525,578,018.00	0.00	0.00	(515,445.00)	1,525,062,573.00	394,739,362.00	1,130,323,211.00
Section 90 - Discretionary (1984)	137,103.00	0.00	0.00	0.00	0.00	0.00	137,103.00	0.00	137,103.00
Project Management Oversight (1988)	5,453,159.00	0.00	0.00	0.00	0.00	0.00	5,453,159.00	0.00	5,453,159.00
Project Management Oversight (1989)	0.00	0.00	8,017,982.00	0.00	0.00	0.00	8,017,982.00	0.00	8,017,982.00
Section 18 to 90 (T9) (1986)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 18 to 90 (T9) (1987)	0.00	0.00	0.00	0.00	0.00	111,827.00	111,827.00	111,827.00	0.00
Section 18 to 90 (T9) (1988)	200,000.00	0.00	0.00	0.00	0.00	0.00	200,000.00	0.00	200,000.00
Section 18 to 90 (T9) (1989)	0.00	0.00	0.00	0.00	0.00	44,228.00	44,228.00	0.00	44,228.00
Subtotal, Section 90	$502,794,294.79	$0.00	$1,533,596,000.00	$21,205,401.75	$0.00	($475,732.00)	$2,057,119,964.56	$497,598,000.00	$1,559,521,956.54
Section 18 - Nonurban Formula (1984)	5,525.41	0.00	0.00	12,724.00	0.00	0.00	18,249.41	0.00	18,249.41
Section 18 - Nonurban Formula (1985)	41.44	0.00	0.00	14,049.00	0.00	0.00	14,090.44	0.00	14,090.44
Section 18 - Nonurban Formula (1986)	1.61	0.00	0.00	1,883.33	0.00	0.00	1,884.94	0.00	1,884.94
Section 18 - Nonurban Formula (1987)	2,004,081.42	0.00	0.00	111,827.00	0.00	(111,827.00)	2,004,081.42	472,689.00	1,531,392.42
Section 18 - Nonurban Formula (1988)	11,919,167.41	0.00	0.00	0.00	0.00	0.00	11,919,167.41	2,319,750.00	9,599,417.41
Section 18 - Nonurban Formula (1989)	0.00	0.00	66,404,000.00	0.00	0.00	(44,228.00)	66,359,772.00	7,255,980.00	59,103,792.00
Project Management Oversight (1988)	323,194.00	0.00	0.00	0.00	0.00	0.00	323,194.00	0.00	323,194.00
Project Management Oversight (1989)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 90 to 18 (C8) (1984)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
Section 90 to 18 (C8) (1985)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 90 to 18 (C8) (1986)	12,510.73	0.00	0.00	0.00	0.00	0.00	12,510.73	0.00	12,510.73
Section 90 to 18 (C8) (1987)	94,616.00	0.00	0.00	0.00	0.00	0.00	94,616.00	0.00	94,616.00
Section 90 to 18 (C8) (1988)	133,097.00	0.00	0.00	0.00	0.00	66,342.00	199,439.00	0.00	199,439.00
Section 90 to 18 (C8) (1989)	0.00	0.00	0.00	0.00	0.00	265,445.00	265,445.00	0.00	265,445.00
Section 90 to 18 (U8) (1985)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Section 90 to 18 (U8) (1986)	221,715.00	0.00	0.00	0.00	0.00	0.00	221,715.00	0.00	221,715.00
Section 90 to 18 (U8) (1987)	128,928.00	0.00	0.00	0.00	0.00	0.00	128,928.00	0.00	128,928.00
Section 90 to 18 (U8) (1988)	0.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00	50,000.00	0.00
Section 90 to 18 (U8) (1989)	0.00	0.00	0.00	0.00	0.00	250,000.00	250,000.00	0.00	250,000.00
Subtotal, Section 18	14,842,878.02	0.00	66,404,000.00	140,483.33	0.00	475,732.00	81,863,093.35	10,098,419.00	71,764,674.35
RTAP Section 18	850,349.00	0.00	5,000,000.00	0.00	0.00	(11,975.00)	5,838,374.00	671,741.00	5,166,633.00
RTAP Section 18 transferred to 18	0.00	0.00	0.00	0.00	0.00	11,975.00	11,975.00	11,975.00	0.00
Total, 69X1129	518,487,521.81	0.00	1,605,000,000.00	21,345,885.08	0.00	0.00	2,144,833,406.89	508,380,143.00	1,636,453,263.89
Total, Formula	521,183,382.91	0.00	1,606,990,577.66	24,889,625.63	(1,145,655.29)	0.00	2,151,917,930.91	510,640,294.42	1,641,277,636.49

Note UZA availability of Formula Funds:

Section 90 (1986) Lapse to UZAs EOY 1989
Section 90 (1987) Lapse to UZAs EOY 1990
Section 90 (1988) Lapse to UZAs EOY 1991
Section 90 (1988) Lapse to UZAs EOY 1992
Section 18 (19' 'e to UZAs EOY 1989
Section 18 (1' e to UZAs EOY 1990
Section 18 (19. e to UZAs EOY 1991

DISCRETIONARY GRANTS (TRUST FUND) 69X8191 - (37)

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
Section 3 - Bus (1987)	7,385,694.00	0.00	0.00	255,953.00	0.00	0.00	7,641,647.00	189,750.00	7,451,897.00
Bus (1988)	115,404,450.00	0.00	0.00	0.00	0.00	0.00	115,404,450.00	33,970,020.00	81,434,430.00
Bus (1989)	0.00	0.00	143,280,000.00	0.00	0.00	0.00	143,280,000.00	35,722,000.00	107,558,000.00
Subtotal, Bus	122,790,144.00	0.00	143,280,000.00	255,953.00	0.00	0.00	266,326,097.00	69,881,770.00	196,444,327.00
Section 3 - Rail (1984)	0.00	0.00	0.00	2,862.00	0.00	0.00	2,862.00	0.00	2,862.00
Rail (1987)	93,014,017.00	0.00	0.00	0.00	0.00	0.00	93,014,017.00	9,255,675.00	83,758,342.00
Rail (1988)	227,233,080.00	0.00	0.00	0.00	0.00	0.00	227,233,080.00	164,450,895.00	62,782,185.00

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
Rail (1989)	0.00	0.00	436,805,000.00	0.00	0.00	0.00	436,805,000.00	170,925,000.00	265,880,000.00
Subtotal, Rail	320,247,097.00	0.00	436,805,000.00	2,862.00	0.00	0.00	757,054,959.00	344,631,570.00	412,423,389.00
Section 3 - New Systems (1984)	22,575,600.00	0.00	0.00	0.00	0.00	0.00	22,575,600.00	0.00	22,575,600.00
New Systems (1985)	60,000,005.00	0.00	0.00	0.00	0.00	0.00	60,000,005.00	11,000,000.00	49,000,005.00
New Systems (1986)	49,730,505.00	0.00	0.00	0.00	0.00	0.00	49,730,505.00	12,855,400.00	36,875,105.00
New Systems (1987)	31,341,104.00	0.00	0.00	0.00	0.00	0.00	31,341,104.00	12,765,850.00	18,575,254.00
New Systems (1988)	136,807,267.00	0.00	0.00	0.00	0.00	0.00	136,807,267.00	54,177,750.00	82,629,517.00
New Systems (1989)	0.00	0.00	399,990,000.00	0.00	0.00	0.00	399,990,000.00	59,700,000.00	340,290,000.00
Subtotal, New Systems	301,254,481.60	0.00	399,990,000.00	0.00	0.00	0.00	701,244,481.00	151,299,000.00	549,945,481.00
Section 3 - Innovative Techniques (1984)	0.00	0.00	0.00	550.00	0.00	0.00	550.00	0.00	550.00
Innovative Techniques (1985)	0.00	0.00	0.00	23.00	0.00	0.00	23.00	0.00	23.00
Innovative Techniques (1986)	0.00	0.00	0.00	150,000.00	0.00	0.00	150,000.00	0.00	150,000.00
Subtotal, Innovative Techniques	0.00	0.00	0.00	150,573.00	0.00	0.00	150,573.00	0.00	150,573.00
Section 3(a)1(c) - Technology Introduction (1986)	400,000.00	0.00	0.00	0.00	0.00	0.00	400,000.00	400,000.00	0.00
Undistributed - Discretionary (1984)	12,699,544.51	0.00	0.00	0.00	0.00	124,576.00	12,824,120.51	0.00	12,824,120.51
Discretionary (1985)	23,622,020.14	0.00	0.00	0.00	0.00	20,794.66	23,642,814.80	0.00	23,642,814.80
Discretionary (1986)	6,380,676.00	0.00	0.00	0.00	0.00	0.66	6,380,676.66	0.00	6,380,676.66
Discretionary (1987)	4,038,553.98	0.00	0.00	0.00	0.00	0.00	4,038,553.98	0.00	4,038,553.98
Discretionary (1988)	1,691,738.34	0.00	0.00	0.00	0.00	0.00	1,691,738.34	0.00	1,691,738.34
Discretionary (1989)	0.00	0.00	0.00	0.00	0.00	23,495.92	23,495.92	3,171.01 1/	20,324.91
Subtotal, Undistributed	48,432,532.97	0.00	0.00	0.00	0.00	168,867.24	48,601,400.21	3,171.01	48,598,229.20
Total, Section 3	793,124,254.97	0.00	980,075,000.00	409,380.00	0.00	168,867.24	1,773,777,510.21	566,215,511.01	1,207,561,999.20

1/ Obligation where deobligations were recorded in FY 88.

Section 8 - Planning (1984)	$42,304.90	$0.00	$0.00	$127,595.35	$0.00	$0.00	$169,900.25	$3,964.00	$165,936.25
Planning (1985)	31,928.78	0.00	0.00	128,281.08	0.00	0.00	160,209.86	0.00	160,209.86
Planning (1986)	493,687.00	0.00	0.00	166,887.50	0.00	0.00	660,574.50	488,000.00	172,574.50
Planning (1987)	836,340.00	0.00	0.00	17,969.43	0.00	0.00	854,309.43	794,500.00	59,809.43
Planning (1988)	2,687,445.40	0.00	0.00	0.00	0.00	0.00	2,687,445.40	1,392,000.00	1,295,445.40

	Unobligated Balance 9-30-88	FY 1989 Redistributed Recoveries	New FY 1989 Budget Authority	FY 1989 Recoveries Thru 2/28/89	Lapses/ Write-offs to UMTA	Interagency Interoffice Transfers	Total FY 1989 Availability	Less: Obligations Thru 2/28/89	Unobligated Balance Thru 2/28/89
Planning (1989)	0.00	0.00	45,000,000.00	0.00	0.00	0.00	45,000,000.00	73,208.00	44,926,792.00
Subtotal, Section 8	$4,091,706.08	$0.00	$45,000,000.00	$440,733.36	$0.00	$0.00	$49,532,439.44	$2,751,672.00	$46,780,767.44
Reimbursable Authority	45,000.00	0.00	0.00	0.00	0.00	0.00	45,000.00	45,000.00	0.00
Total, Section 8	4,136,706.08	0.00	45,000,000.00	440,733.36	0.00	0.00	49,577,439.44	2,796,672.00	46,780,767.44
Section 16b2 - Eld. & Handi. (1984)	$0.00	$0.00	$0.00	$124,576.00	$0.00	($124,576.00)	0.00	$0.00	$0.00
Eld. & Handi. (1985)	0.00	0.00	0.00	$20,794.66	0.00	(20,794.66)	0.00	0.00	0.00
Eld. & Handi. (1986)	0.00	0.00	0.00	0.66	0.00	(0.66)	0.00	0.00	0.00
Eld. & Handi. (1987)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eld. & Handi. (1988)	56,540.00	0.00	0.00	0.00	0.00	0.00	56,540.00	0.00	56,540.00
Eld. & Handi. (1989)	0.00	0.00	35,000,000.00	0.00	0.00	(127,950.00)	34,872,050.00	7,127,782.00	27,744,268.00
Subtotal, Section 16b2	$56,540.00	$0.00	$35,000,000.00	$145,371.32	$0.00	($273,321.32)	$34,928,590.00	$7,127,782.00	$27,800,808.00
Section 18(h), RTAP	$161,314.00	$0.00	$0.00	$0.00	$0.00	$0.00	$161,314.00	$151,001.00	$10,313.00
University Center	0.00	0.00	5,000,000.00	0.00	0.00	0.00	$5,000,000.00	0.00	$5,000,000.00
Bus Testing Facility	3,140,787.00	0.00	0.00	0.00	0.00	0.00	$3,140,787.00	0.00	$3,140,787.00
Section 9B Blend	$22,068,221.00	$0.00	$70,000,000.00	$0.00	$0.00	($265,763.00)	$91,802,458.00	$11,143,667.00	$80,658,791.00
Section 9B, trans. to 18	0.00	0.00	0.00	0.00	0.00	265,763.00	$265,763.00	11,208.00	$254,555.00
Section 16 trans. to 18	0.00	0.00	0.00	0.00	0.00	127,950.00	$127,950.00	127,950.00	$0.00
Project Management Oversight	$2,100,754.00	$0.00	4,925,000.00	$0.00	$0.00	$0.00	$7,025,754.00	$1,036,692.00	$5,989,062.00
Subtotal, 69X8191 (37)	$824,768,585.05	$0.00	$1,140,000,000.00	$995,492.68	$0.00	$23,495.92	1,965,707,573.65	$580,610,403.01	1,377,177,090.64
FORMULA GRANTS (TRUST FUND) 69X8191 - (17)									
Section 9A - Urban Formula (1983)	$0.00	$0.00	$0.00	$23,495.92	$0.00	($23,495.92)	$0.00	$0.00	$0.00
Section 18 - Nonurban Formula (1983)	1,538.53	0.00	0.00	0.00	0.00	0.00	1,538.53	0.00	1,538.53
Subtotal, 69X8191 (17) *	$1,538.53	$0.00	$0.00	$23,495.92	$0.00	($23,495.92)	$1,538.53	$0.00	$1,538.53
Subtotal, 69X8191 (Trust Fund)	$824,770,123.58	$0.00	1,140,000,000.00	$1,018,988.60	$0.00	($0.00)	1,965,709,112.18	$580,610,403.01	1,377,178,629.17
Obligation Limitation	221,157,000.00	0.00	110,000,000.00	0.00	0.00	0.00	331,157,000.00	0.00	331,157,000.00
Total, 69X8191 (Trust Fund)	$1,045,927,123.58	$0.00	1,250,000,000.00	$1,018,988.60	$0.00	($0.00)	2,296,866,112.18	$580,610,403.01	1,708,335,629.17
UMTA TOTALS, ALL ACCOUNTS	$1,682,629,140.57	$0.00	$3,234,990,577.66	$27,954,325.28	($1,145,655.29)	($0.00)	4,944,428,388.22	$1,191,330,931.38	3,753,097,456.84

* Formula (Trust Fund) Lapsed to UZAs (end of fiscal year 1986), but is available for discretionary use in succeeding fiscal years.

SENATOR LAUTENBERG: For Section 3, list those unobligated balances that have been "earmarked" for a particular project. Also indicate the year(s) those funds were made available.

ANSWER: The information follows:

BUS & BUS RELATED:

Area	Description	Unobligated Balance	Fiscal Year Earmarked
New Orleans	Complete approaches on Greater New Orleans Bridge No. 2	$18,750,000	FY 1988
Baltimore	Suburban Transit Program	$3,100,000	FY 1989
Baltimore	Bus Automatic Vehicle Monitoring	$3,250,000	FY 1988
Buffalo, NY	Construct Cold Springs garage	$7,400,000	FY 1988/ FY 1989
Buffalo, NY	Purchase 50 Buses	$4,800,000	FY 1989
New York/Nassau County, NY	Purchase 50 Buses (AFI)	NO AMOUNT SPECIFIED	FY 1989
Tampa, FL	Marion Street Transitway	0 (Obligated $4.0 M on 1-23-89)	FY 1989
Portland, OR	Intermodal Terminal	$2,500,000	FY 1989
Portland, OR	Bus Purchase Program	$14,500,000	FY 1989
San Francisco	Purchase Articulated Trolley Coaches	0 (Obligated $18.4 M on 11-07-89)	FY 1989

RAIL MODERNIZATION:

Area	Description	Unobligated Balance	Fiscal Year Earmarked
Philadelphia	Refurbish North Phila AMTRAK Station	$950,000	FY 1988
Philadelphia	Restore Temple Uni. commuter station	$5,700,000 $7,000,000	FY 1988 FY 1989
Philadelphia	New University City Commuter rail station	$2,850,000 $3,300,000	FY 1988 FY 1989

Philadelphia	Broad Street/ Susquehanna Stations	NO AMOUNT SPECIFIED	FY 1989
Philadephia/ NE New Jersey	CETC Installation	$30,000,000	FY 1989
SW Connecticut	Improvements to New Haven Commuter Line	NO AMOUNT SPECIFIED (Obligated $91.7 M in 1st Qtr, FY 89)	FY 1989
Baltimore	Commuter Rail Improvements	$13,000,000	FY 1989
New York (MTA/LIRR)	Protective barriers on LIRR Main Line	$3,147,500	FY 1988
New York (MTA/LIRR)	Reconstruct Union Hall Station	$4,500,000	FY 1989
NW Indiana	South Shore commuter rail system	$200,000	FY 1988
San Francisco-San Jose, CA	Improvements to CALTRAIN service	$11,300,000 $6,900,000	FY 1988 FY 1989

URBAN DISCRETIONARY PROGRAM
NEW SYSTEMS CATEGORY
FY 84 - 89
* USE OF EARMARK *

DATE: 2-21-89

UZA	FY 84 EARMARK	FY 84 OBLIGATED	CARRYOVER BALANCE	FY 85 EARMARK	FY 85 OBLIGATED	CARRYOVER BALANCE	FY 86 EARMARK	FY 86 OBLIGATED	CARRYOVER BALANCE	FY 87 EARMARK	FY 87 OBLIGATED	CARRYOVER BALANCE	FY 88 EARMARK	FY 88 OBLIGATED	CARRYOVER BALANCE	FY 89 EARMARK	FY 89 OBLIGATED	CARRYOVER BALANCE	FY 84 - 89 CARRYOVER BY UZA
ATLANTA	91,250,000	91,250,000	0	95,000,000	95,000,000	0	65,702,635	65,702,635	0	90,620,600	90,620,599	1	105,470,000	105,469,998	2	69,650,000	0	69,650,000	69,650,003
BUFFALO	2,000,000	2,000,001	-1	2,700,000	2,699,997	3	800,935	0	800,935	0	0	0	0	0	0	0	0	0	800,937
HOUSTON	5,500,000	5,500,000	0	25,000,000	25,000,000	0	52,134,620	52,134,620	0	46,765,000	46,765,000	0	0	0	0	49,750,000	0	49,750,000	49,750,000
LOS ANGELES	117,200,000	117,199,999	1	117,200,000	117,200,000	0	96,173,715	96,173,715	0	107,300,000	107,299,998	2	139,797,500	96,271,485	43,526,015	147,260,000	0	147,260,000	190,786,018
MIAMI	35,000,000	12,500,000	22,500,000	49,000,000	0	49,000,000	36,184,170	0	36,184,170	11,990,000	0	11,990,000	17,412,500	0	17,412,500	14,427,500	0	14,427,500	151,464,170
PORTLAND	44,250,000	44,250,000	0	19,000,000	19,000,000	0	8,522,175	8,522,175	0	1,293,500	1,293,500	0	0	0	0	5,472,500	0	5,472,500	5,472,500
SAN DIEGO	6,300,000	6,300,000	0	3,000,000	3,000,000	0	8,855,500	8,855,500	0	0	0	0	0	0	0	0	0	0	0
SAN JOSE	30,000,000	30,000,000	0	64,000,000	64,000,000	0	61,093,975	61,093,975	0	18,357,750	18,357,750	0	0	0	0	0	0	0	0
SEATTLE	0	0	0	20,000,000	19,999,998	2	23,472,850	23,590,850	-118,000	67,530,650	67,412,649	118,001	67,162,500	67,162,500	0	17,910,000	0	17,910,000	17,910,003
ST. LOUIS	2,000,000	2,000,000	0	10,000,000	10,000,000	0	12,835,000	12,835,000	0	12,765,850	12,765,850	0	56,177,750	56,177,750	0	59,700,000	59,700,000	0	0
DENVER	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	6,517,250	0	6,517,250	14,129,000	0	14,129,000	15,920,000	0	15,920,000	36,566,250
S.L.C., UT	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	3,582,000	0	3,582,000	4,975,000	0	4,975,000	8,557,000
DETROIT	45,000,000	45,000,000	0	5,000,000	5,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
JACKSONVILLE	15,500,000	15,500,000	0	1,000,000	1,000,000	0	0	0	0	0	0	0	3,980,000	0	3,980,000	6,965,000	0	6,965,000	10,945,000
BALTIMORE	3,500,000	3,424,400	75,600	0	0	0	0	0	0	0	0	0	0	0	0	5,970,000	0	5,970,000	6,045,600
HAWAII	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	//////////	1,990,000	0	1,990,000	1,990,000
TOTALS	399,500,000	376,924,400	22,575,600	422,500,000	373,099,995	49,000,005	366,602,775	329,727,670	36,875,105	363,175,000	344,599,746	18,575,254	405,711,250	323,081,733	82,629,517	399,990,000	59,700,000	340,290,000	549,945,481

SENATOR LAUTENBERG: Provide the committee with a breakdown of the utilization of Section 3 Discretionary Capital Assistance (Excluding Section 8 and Section 16(b)(2)) between urbanized and nonurbanized areas. Specifically, the amount of funds obligated during each of the last three Fiscal Years in the largest urbanized areas (populations of 1 million or more), in other large urban areas (200,000 to 1 million), in smaller urbanized areas (50,000 too 200,000), and in nonurbanized areas.

ANSWER: The information follows:

(In Millions of Dollars)

UZA SIZE	FY 86	FY 87	FY 88
Over One million	$1,019.0	$642.8	$810.2
200,000 to 1 million	68.5	3.5	7.6
50,000 to 200,000	10.4	12.2	7.5
Under 50,000	4.8	1.2	17.9
	$1,102.7	$659.7	$843.2

SENATOR LAUTENBERG: What has been the de-obligation experience in dollars for all UMTA grants? Has UMTA initiated these de-obligations and recoveries or have the transit authorities identified and returned unused grant money? In what areas have there been recoveries?

ANSWER: Our deobligations in dollars for fiscal year 1988, and for comparison, 1985 thru 1987 are provided below. These deobligations were primarily the result of project closeouts and do not include funds that were never obligated and written off to Treasury. Closeouts are a joint effort between the transit authorities and UMTA.

FY 1988 DEOBLIGATIONS
(in millions)

Section	Total	Reapportioned	Written off to Treasury
Discretionary(a)	$ 57.0	$ 18.6	$ 38.4
Formula(b)	137.6(d)	115.6	—
Research, Training & Human Resources(c)	5.9(e)	3.9	—
Interstate (Sec. 23)	1.5	1.5	—
Total	$202.0	$139.6	$ 38.4

FY 1987 DEOBLIGATIONS

Discretionary(a)	$ 67.9	$ 39.5	$ 28.4
Formula(b)	124.2	124.2	—
Research, Training & Human Resources(c)	2.6	2.6	—
Interstate (Sec. 23)	2.0	1.2	.8
Total	$196.7	$167.5	$ 29.2

FY 1986 DEOBLIGATIONS
(in millions)

Section	Total	Reapportioned	Written off to Treasury
Discretionary(a)	$ 52.1	$ 32.0	$ 20.1
Formula(b)	43.3	43.3	—
Research, Training & Human Resources(c)	1.5	1.5	—
Interstate (Sec. 23)	—	—	—
Total	$ 96.9	$ 76.8	$ 20.1

FY 1985 DEOBLIGATIONS

Section	Total	Reapportioned	Written off to Treasury
Discretionary(a)	$ 87.7	$ 77.5	$ 10.2
Formula(b)	63.0	63.0	—
Research, Training & Human Resources(c)	.8	.8	—
Interstate (Sec. 23)	—	—	—
Total	$151.5	$141.3	$ 10.2

(a) Includes Sections 3,3(a)(1)(C),4(i),8 and 16(b)(2).
(b) Includes Sections 5,9 and 18.
(c) Includes Sections 6,10,11 and 20.
(d) Includes $22 million transfer to U.S. Coast Guard.
(e) Includes $2 million transfer to U.S. Coast Guard.

SENATOR LAUTENBERG: List the publications and reports UMTA issues on a periodic basis. Briefly describe each and whether it is Congressionally mandated.

ANSWER: UMTA has two reports which are issued on a periodic basis:

- Report on Performance and Condition of Transit. This report is mandated by 49 U.S.C. 308 (formerly designated as 310) and it is due on January 1 in even-numbered years.

- Congressional Quarterly Report. The report is mandated by the Surface Transportation and Uniform Relocation Assistance Act of 1987. The report lists all obligations for grants awarded during the reporting period.

SENATOR LAUTENBERG: What is the status of the prior year funding made available to SEPTA for commuter rail bridge repair?

ANSWER: A grant was made to SEPTA in FY 88 for $7.5 million to replace the Cresheim Valley Bridge on the Chestnut Hill West commuter line. To date, the bridge is nearing completion and is expected to be placed into service in August, 1989.

SENATOR LAUTENBERG: Provide the latest "estimated cost to complete" for the Interstate Transfer-Transit Grants Program.

ANSWER: The information follows:

89ISCETR

ESTIMATED INTERSTATE SUBSTITUTE TRANSIT COST TO COMPLETE BEGINNING FY 1990*

STATE	WITHDRAWAL AREA	ESTIMATED TRANSIT COST TO COMPLETE**	ESTIMATED AVAILABLE TRANSIT FUNDS	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS
ARIZONA	Tucson	0	0	0
CALIFORNIA	Sacramento	329,609	40,771	288,838
	San Francisco	35,955,225	5,186,852	30,768,373
COLORADO	Denver	0	0	0
CONNECTICUT	Bolton to Killingly	802,278	170,824	631,454
	Hartford-New Britain	3,779,826	458,403	3,321,423
DISTRICT OF COLUMBIA	Washington	394,000	250,066	143,934
GEORGIA	Atlanta	0	0	0
ILLINOIS	Chicago	177,150,045	86,521,248	90,628,797
INDIANA	Indianapolis	0	0	0
IOWA	Waterloo	2,437,213	391,485	2,045,728
MARYLAND	Baltimore	270,728,292	90,898,450	179,829,842
	Bowie to Millersville	0	0	0
	Washington	0	0	0
MASSACHUSETTS	Boston	19,236,305	5,944,407	13,291,898
	Fall River-Providence	0	0	0
MINNESOTA	Duluth	503,366	412,589	90,778
	Minneapolis-St. Paul	0	0	0
NEBRASKA	Omaha	0	0	0
NEW JERSEY	New York City	2,642,792	401,097	2,241,695
	New York City to Trenton	2,054,895	0	2,054,895
	Philadelphia	0	0	0
NEW YORK	Albany	60,255	0	60,255
	New York City	316,333,812	50,600,581	265,733,231
OHIO	Cleveland	18,285,314	2,567,459	15,717,855
OREGON	Portland	3,221,593	361,893	2,859,700
	Salem	0	0	0
PENNSYLVANIA	Philadelphia	0	0	0
	Pittsburgh	0	0	0
RHODE ISLAND	Rhode Island	20,890,368	3,937,709	16,952,659
TENNESSEE	Memphis	19,077,580	2,088,126	16,989,454
VIRGINIA	Washington	0	0	0
	TOTALS	893,882,767	250,231,960	643,650,807

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* Amounts are in Federal funds as of September 30, 1988.

** Based on the highway/transit splits used to apportion 1989 funds with minor administrative adjustments.

SENATOR LAUTENBERG: List the areas and amounts of unobligated balances in the Interstate Transfer Transit Grants Program.

ANSWER: The information follows:

AVAILABLE INTERSTATE TRANSFER TRANSIT FUNDS
(AS OF DECEMBER 30, 1988)

STATE	WITHDRAWAL AREA	UNOBLIGATED BALANCE ($)
California	Sacramento	40,771
	San Francisco	5,186,852
Connecticut	Bolton to Killingly	170,824
	Hartford-New Britain	458,403
District of Columbia	Washington	250,066
Illinois	Chicago	77,436,856
Iowa	Waterloo	391,485
Maryland	Baltimore	9,128,404
Massachusetts	Boston	5,944,407
Minnesota	Duluth	412,589
New Jersey	New York City	401,097
New York	New York City	50,660,581
Ohio	Cleveland	2,567,459
Oregon	Portland	361,893
Rhode Island	Rhode Island	3,937,709
Tennessee	Memphis	2,088,126
	Total	159,377,522

SENATOR LAUTENBERG: Update the usage table on Interstate Transfer funds found on page 296 of Senate Hearing 100-853, Part 2.

ANSWER: The information follows:

INTERSTATE TRANSFER OBLIGATIONS FOR ALL URBANIZED AREAS
BY CATEGORY
FY 1984 THROUGH FY 1988

FISCAL YEAR	BUS	RAIL MOD	NEW SYSTEMS	PLANNING	TOTAL
1984	15,775,276	106,201,018	87,904,232	380,001	210,260,527
1985	44,169,304	63,632,195	124,336,697	299,914	232,438,110
1986	11,069,935	29,555,673	203,325,440	200,000	244,151,048
1987	13,675,742	48,048,526	135,354,578	61,475	197,140,321
1988	13,766,285	71,220,635	54,550,721	35,125	139,572,766

NOTE: Obligations for Program Management Oversight not included.

SENATOR LAUTENBERG: List the federal matching share for all the "new starts" that received federal funds in fiscal years 1985, 1986, 1987, 1988, and will in 1989. (Briefly describe the segment or project on which federal funds were spent.)

ANSWER: The information is provided below:

AREA	DESCRIPTION	FEDERAL SHARE
	FY 85	
Buffalo, NY	LRT Start-up Costs	1.7
Buffalo, NY	LaSalle Station on LRT System	1.0
Jacksonville, FL	Automated Skyway Express (ASE)	15.5
Miami, FL	Extraordinary Costs for Rail System	12.5
Atlanta, GA	Phase B2 Rail Constr.	95.0
Detroit, MI	Final Increment for Downtown People Mover	5.4
Houston, TX	Northwest Transitway	35.0
St. Louis, MO	Engineering for MetroLink LRT	2.0
San Jose, CA	Guadalupe LRT	64.8
Portland, OR	Banfield LRT	19.0
Seattle, WA	Downtown Bus Tunnel	20.0
	FY 86	
Buffalo, NY	Complete Downtown Mall	2.3
Atlanta, GA	Phase C Constr.	65.7
Houston, TX	Southwest Transitway	52.1
Los Angeles, CA	Metrorail Proj.	225.2
San Diego, CA	East Urban LRT	20.2
San Jose, CA	Guadalupe LRT	61.9

Seattle, WA	Downtown Bus Tunnel	23.6
Portland, OR	Banfield LRT	8.5
	FY 87	
Atlanta, GA	Phase B2 Constr. Airport Station	45.0 6.1
Los Angeles, CA	Metrorail Proj.	107.4
San Jose, CA	Guadalupe LRT	18.4
Seattle, WA	Downtown Bus Tunnel	67.4
Portland, OR	Banfield LRT	1.3
	FY 88	
Atlanta, GA	Phase C Constr. Phase D Constr.	39.5 105.5
Houston, TX	North Busway Ext.	46.8
Los Angeles, CA	Metrorail Proj.	96.3
Seattle, WA	Downtown Bus Tunnel	67.2
	FY 89	
St. Louis, MO	MetroLink LRT	149.5
Miami, FL	Downtown Circulator Extensions	115.5
Jacksonville, FL	People Mover System	5.8

SENATOR LAUTENBERG: Update the charts on pages 298 through 302 of Senate Hearing 100-283, Part 2, regarding reasons for grant referral. (For all of 1988 and first quarter of 1989).

ANSWER: The information follows:

REASONS FOR GRANT DEFERRAL BY REGIONS FOR FY-1989

1ST QUARTER, FY-1989	Private Sector	TIP	Civil Rights	Funding Problems	Environ- mental	Eligi- bility	Certifi- cation	Other	Total # of Applic Deferred	Total # of Applic Approved	Total # of Applic Received	Percentage of Applic Deferred
Region												
I	0	0	0	0	0	0	0	0	0	13	13	
II	0	0	1	0	0	0	0	0	1	6	7	
III	0	1	0	2	1	3	0	0	6	24	30	
IV	2	0	1	0	1	0	2	0	3	19	22	
V	0	0	1	0	0	0	0	2	3	22	25	
VI	0	0	0	0	0	1	0	0	1	11	12	
VII	0	0	0	0	0	0	0	0	0	12	12	
VIII	0	0	0	0	0	0	0	0	0	8	8	
IX	0	4	9	1	1	1	2	0	20	8	28	
X	1	0	0	0	1	0	0	0	1	7	8	
Total	3	5	12	3	4	5	4	2	35	130	165	21.2%
4RD QUARTER, FY-1988												
Region												
I	0	0	0	0	0	0	0	0	0	24	24	
II	0	0	0	0	1	0	0	0	1	9	10	
III	0	1	0	2	1	0	0	1	6	34	40	
IV	0	0	0	0	0	0	0	1	1	18	19	
V	0	0	0	0	0	0	0	0	0	32	32	
VI	0	2	0	2	0	0	0	0	3	31	34	
VII	0	0	0	0	0	0	0	1	1	13	14	
VIII	0	0	0	0	0	0	0	0	0	6	6	

	Private Sector	TIP	Civil Rights	Funding Problems	Environ-mental	Eligi-bility	Certifi-cation	Other	Total # of Applic Deferred	Total # of Applic Approved	Total # of Applic Received	Percentage of Applic Deferred
IX	0	2	1	2	1	1	0	0	3	14	17	
X	1	1	0	1	1	0	0	0	3	7	10	
Total	1	4	1	7	4	1	0	3	18	188	206	8.7%

3RD QUARTER, FY-1988

Region	Private Sector	TIP	Civil Rights	Funding Problems	Environ-mental	Eligi-bility	Certifi-cation	Other	Total # of Applic Deferred	Total # of Applic Approved	Total # of Applic Received	Percentage of Applic Deferred
I	0	0	0	0	0	0	0	0	0	10	10	
II	0	0	0	0	0	0	0	0	0	14	14	
III	0	1	0	2	1	0	0	0	4	34	38	
IV	1	0	0	0	0	0	1	0	1	27	28	
V	0	0	0	2	0	0	1	1	3	31	34	
VI	0	3	0	0	3	1	4	3	7	21	28	
VII	0	0	0	0	0	1	0	1	1	18	19	
VIII	0	0	0	0	0	0	0	0	0	5	5	
IX	0	2	3	2	0	2	0	0	6	15	21	
X	0	1	4	1	4	3	1	2	6	6	12	
Total	1	7	7	7	8	7	7	7	28	181	209	13.4%

SANATOR LAUTENBERG: Provide the Fiscal Year 1989 formula grants apportionments. (Include but list separately those "Blended Funds" from the transit trust fund.)

ANSWER: The information follows:

UMTA FORMULA GRANTS PROGRAM

FY 1989 SECTION 9 APPORTIONMENTS

FOR URBANIZED AREAS

URBANIZED AREA	FY 1989 APPORTIONMENT		
	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
OVER 1,000,000 IN POPULATION:			
Atlanta, Georgia	$19,572,359	$897,215	$20,469,574
Baltimore, Maryland	17,356,825	797,182	18,154,007
Boston, Massachusetts	44,888,709	2,050,465	46,939,174
Buffalo, New York	7,701,490	354,220	8,055,710
Chicago, Illinois-Northwestern Indiana	121,651,608	5,564,422	127,216,030
Cincinnati, Ohio-Kentucky	7,749,290	356,725	8,106,015
Cleveland, Ohio	15,902,231	730,456	16,632,687
Dallas-Fort Worth, Texas	15,706,632	722,955	16,429,587
Denver, Colorado	12,196,418	561,140	12,757,558
Detroit, Michigan	23,810,593	1,095,932	24,906,525
Fort Lauderdale-Hollywood, Florida	6,371,411	293,283	6,664,694
Houston, Texas	19,256,407	860,930	20,117,337
Kansas City, Missouri-Kansas	5,496,951	252,945	5,749,896
Los Angeles-Long Beach, California	92,009,211	4,234,021	96,243,232
Miami, Florida	16,440,735	754,906	17,195,641
Milwaukee, Wisconsin	11,069,213	509,588	11,578,801
Minneapolis-St. Paul, Minnesota	13,147,903	605,030	13,752,933
New Orleans, Louisiana	9,790,920	466,487	10,257,407
New York, N.Y.-Northeastern New Jersey	380,287,052	17,499,249	397,786,301
Philadelphia, Pennsylvania-New Jersey	68,496,901	3,133,019	71,629,920
Phoenix, Arizona	6,595,366	303,531	6,898,897
Pittsburgh, Pennsylvania	20,528,874	942,609	21,471,483
Portland, Oregon-Washington	10,166,743	467,906	10,634,649
St. Louis, Missouri-Illinois	12,528,961	576,620	13,105,581
San Diego, California	16,461,960	755,856	17,217,816
San Francisco-Oakland, California	64,960,319	2,974,151	67,934,470
San Jose, California	13,490,240	618,798	14,109,038
San Juan, Puerto Rico	9,436,724	433,899	9,870,623
Seattle-Everett, Washington	23,737,079	1,070,001	24,807,080
Washington, D.C.-Maryland-Virginia	46,380,957	2,122,256	48,503,213
SUBTOTAL	$1,133,190,082	$52,005,797	$1,185,195,879

URBANIZED AREA	FY 1989 APPORTIONMENT		
	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
200,000-1,000,000 IN POPULATION:			
Akron, Ohio	$3,062,215	$140,890	$3,203,105
Albany-Schenectady-Troy, New York	4,189,932	192,876	4,382,808
Albuquerque, New Mexico	2,493,196	114,705	2,607,901
Allentown-Bethlehem-Easton, Pa.-N.J	2,075,086	95,469	2,170,555
Ann Arbor, Michigan	1,838,126	84,579	1,922,705
Augusta, Georgia-South Carolina	991,689	45,625	1,037,314
Austin, Texas	3,639,454	167,441	3,806,895
Bakersfield, California	1,532,465	70,521	1,602,986
Baton Rouge, Louisiana	1,848,994	85,123	1,934,117
Birmingham, Alabama	3,023,711	139,159	3,162,870
Bridgeport, Connecticut	3,440,837	157,555	3,598,392
Canton, Ohio	1,210,236	55,680	1,265,916
Charleston, South Carolina	1,585,070	72,974	1,658,044
Charlotte, North Carolina	2,221,919	102,276	2,324,195
Chattanooga, Tennessee-Georgia	1,481,872	68,160	1,550,032
Colorado Springs, Colorado	802,536	36,922	839,458
Columbia, South Carolina	1,524,803	70,152	1,594,955
Columbus, Georgia-Alabama	1,080,467	49,709	1,130,176
Columbus, Ohio	7,005,106	322,524	7,327,630
Corpus Christi, Texas	1,261,763	58,056	1,319,818
Davenport-Rock Island-Moline, Iowa-Illinois	1,876,662	86,359	1,963,021
Dayton, Ohio	7,681,892	351,255	8,033,147
Des Moines, Iowa	1,662,622	76,524	1,739,146
El Paso, Texas	3,634,572	167,414	3,801,986
Fayetteville, North Carolina	770,120	35,431	805,551
Flint, Michigan	1,852,851	85,262	1,938,113
Fort Wayne, Indiana	1,346,544	61,942	1,408,486
Fresno, California	2,629,679	121,031	2,750,710
Grand Rapids, Michigan	2,221,745	102,243	2,323,988
Greenville, South Carolina	1,222,139	56,237	1,278,376
Harrisburg, Pennsylvania	1,573,134	72,398	1,645,532
Hartford, Connecticut	4,553,778	209,649	4,763,427
Honolulu, Hawaii	11,988,365	552,562	12,540,927
Indianapolis, Indiana	4,728,516	217,661	4,946,177
Jackson, Mississippi	1,179,913	54,294	1,234,207
Jacksonville, Florida	3.466,440	159,481	3,625,921
Knoxville, Tennessee	1,345,332	61,908	1,407,240
Lansing, Michigan	1,677,416	77,190	1,754,606
Las Vegas, Nevada	2,467,570	90,523	2,558,093
Lawrence-Haverhill, Mass.-New Hampshire	1,933,041	88,480	2,021,521
Little Rock-North Little Rock, Arkansas	1,580,724	72,756	1,653,480
Lorain-Elyria, Ohio	594,101	27,333	621,434
Louisville, Kentucky-Indiana	6,128,204	282,127	6,410,331
Madison, Wisconsin	2,667,093	122,662	2,789,755
Melbourne-Cocoa, Florida	960,613	44,205	1,004,818
Memphis, Tennessee-Arkansas-Mississippi	5,420,855	249,570	5,670,425
Mobile, Alabama	1,336,423	61,485	1,397,908
Nashville-Davidson, Tennessee	2,911,316	134,023	3,045,339
New Haven, Connecticut	3,797,746	174,031	3,971,777
Newport News-Hampton, Virginia	1,763,355	81,176	1,844,531

URBANIZED AREA	FY 1989 APPORTIONMENT GENERAL FUND	FY 1989 APPORTIONMENT TRUST FUND	FY 1989 APPORTIONMENT TOTAL APPORTIONMENT
Norfolk-Portsmouth, Virginia..............	5,204,553	239,472	5,444,025
Ogden, Utah................................	1,430,854	65,856	1,496,710
Oklahoma City, Oklahoma....................	2,706,520	124,533	2,831,053
Omaha, Nebraska-Iowa.......................	3,665,454	168,693	3,834,147
Orlando, Florida...........................	3,392,042	156,127	3,548,169
Oxnard-Ventura-Thousand Oaks, California...	1,700,087	78,217	1,778,304
Pensacola, Florida.........................	973,494	44,797	1,018,291
Peoria, Illinois...........................	1,407,022	64,736	1,471,758
Providence-Pawtucket-Warwick, R.I.-Mass....	9,595,790	439,667	10,035,457
Raleigh, North Carolina....................	1,162,195	53,469	1,215,664
Richmond, Virginia.........................	3,853,364	177,422	4,030,786
Rochester, New York........................	4,644,587	213,761	4,858,348
Rockford, Illinois.........................	1,348,908	48,268	1,397,176
Sacramento, California.....................	5,797,515	266,900	6,064,415
St. Petersburg, Florida....................	5,173,578	238,126	5,411,704
Salt Lake City, Utah.......................	5,564,773	256,126	5,820,899
San Antonio, Texas.........................	9,366,525	431,135	9,797,660
San Bernardino-Riverside, California.......	4,297,330	197,720	4,495,050
Sarasota-Bradenton, Florida................	1,497,199	68,428	1,565,627
Scranton-Wilkes-Barre, Pennsylvania........	2,200,471	101,238	2,301,709
Shreveport, Louisiana......................	1,554,445	71,539	1,625,984
South Bend, Indiana-Michigan...............	1,545,274	71,108	1,616,382
Spokane, Washington........................	2,666,704	122,749	2,789,453
Springfield-Chicopee-Holyoke, Mass.-Conn...	3,289,519	151,405	3,440,924
Syracuse, New York.........................	3,341,304	153,759	3,495,063
Tacoma, Washington.........................	3,794,308	174,346	3,968,654
Tampa, Florida.............................	4,180,354	192,462	4,372,816
Toledo, Ohio-Michigan......................	3,671,615	168,992	3,840,607
Trenton, New Jersey-Pennsylvania...........	2,404,864	110,393	2,515,257
Tucson, Arizona............................	4,309,500	198,336	4,507,836
Tulsa, Oklahoma............................	2,262,481	104,091	2,366,572
West Palm Beach, Florida...................	2,510,299	115,517	2,625,816
Wichita, Kansas............................	1,750,953	80,580	1,831,533
Wilmington, Delaware-New Jersey-Maryland...	2,311,009	106,357	2,417,366
Worcester, Massachusetts...................	1,789,494	82,345	1,871,839
Youngstown-Warren, Ohio....................	1,642,754	75,579	1,718,333
SUBTOTAL	$251,279,376	$11,521,856	$262,801,232
500,000-200,000 IN POPULATION:			
Governor's apportionment for areas 50,000-200,000 in population --			
ALABAMA..................................	$3,690,618	$169,708	$3,860,326
ALASKA...................................	749,974	34,412	784,386
ARIZONA..................................	323,000	14,821	337,821
ARKANSAS.................................	1,089,860	50,007	1,139,867
CALIFORNIA...............................	11,410,185	523,548	11,933,733
COLORADO.................................	2,445,177	112,195	2,557,372
CONNECTICUT..............................	10,708,274	489,012	11,197,286
DELAWARE (NONE)			

URBANIZED AREA	FY 1989 APPORTIONMENT		
	GENERAL FUND	TRUST FUND	TOTAL APPORTIONMENT
FLORIDA	5,111,874	234,555	5,346,429
GEORGIA	2,847,153	130,639	2,977,792
HAWAII	729,717	33,483	763,200
IDAHO	1,058,948	48,588	1,107,536
ILLINOIS	7,024,132	322,298	7,346,430
INDIANA	4,326,583	198,522	4,525,105
IOWA	2,413,290	110,732	2,524,022
KANSAS	1,037,397	47,599	1,084,996
KENTUCKY	2,194,739	100,703	2,295,442
LOUISIANA	2,563,495	117,624	2,681,119
MAINE	1,106,625	50,776	1,157,401
MARYLAND	971,445	44,575	1,016,020
MASSACHUSETTS	4,841,473	222,146	5,063,619
MICHIGAN	4,308,208	197,680	4,505,888
MINNESOTA	1,463,498	67,151	1,530,649
MISSISSIPPI	1,388,085	63,691	1,451,776
MISSOURI	1,710,805	78,500	1,789,305
MONTANA	1,237,972	56,804	1,294,776
NEBRASKA	1,165,165	53,463	1,218,628
NEVADA	937,165	43,001	980,166
NEW HAMPSHIRE	1,401,174	64,293	1,465,467
NEW JERSEY	1,098,524	50,405	1,148,929
NEW MEXICO	531,232	24,375	555,607
NEW YORK	3,502,383	160,704	3,663,087
NORTH CAROLINA	6,002,317	275,412	6,277,729
NORTH DAKOTA	1,052,362	48,287	1,100,649
OHIO	3,408,712	156,406	3,565,118
OKLAHOMA	742,316	34,062	776,378
OREGON	2,372,155	108,845	2,481,000
PENNSYLVANIA	6,792,456	311,667	7,104,123
PUERTO RICO	4,745,848	217,759	4,963,607
RHODE ISLAND	377,629	17,327	394,956
SOUTH CAROLINA	1,186,466	54,441	1,240,907
SOUTH DAKOTA	753,668	34,580	788,248
TENNESSEE	1,291,101	59,242	1,350,343
TEXAS	11,875,913	544,909	12,420,822
UTAH	962,509	44,164	1,006,673
VERMONT	375,289	17,220	392,509
VIRGINIA	2,689,960	123,429	2,813,389
WASHINGTON	2,267,024	104,020	2,371,044
WEST VIRGINIA	2,477,158	113,664	2,590,822
WISCONSIN	5,632,565	258,447	5,891,012
WYOMING	707,342	32,456	739,798
SUBTOTAL	$141,108,960	$6,472,347	$147,581,307

URBANIZED AREA	FY 1989 APPORTIONMENT GENERAL FUND	FY 1989 APPORTIONMENT TRUST FUND	FY 1989 APPORTIONMENT TOTAL APPORTIONMENT
OVER 1,000,000 POPULATION	$1,133,190,082	$52,005,797	$1,185,196,879
200,000-1,000,000 POPULATION	251,279,376	11,521,856	262,801,232
50,000-200,000 POPULATION	141,108,960	6,472,347	147,581,307
NATIONAL TOTALS	$1,525,578,418	$70,000,000	$1,595,578,418

FISCAL YEAR 1989

UMTA SECTION 18 FORMULA APPORTIONMENTS AND

RURAL TRANSIT ASSISTANCE PROGRAM (RTAP) ALLOCATIONS

TO THE STATES FOR NONURBANIZED AREAS

STATE	SECTION 18 APPORTIONMENT	RTAP ALLOCATION
ALABAMA	$1,586,960	$89,672
ALASKA	172,684	54,317
AMERICAN SAMOA	24,081	10,602
ARIZONA	599,934	64,998
ARKANSAS	1,284,738	82,117
CALIFORNIA	2,872,433	121,808
COLORADO	650,837	66,270
CONNECTICUT	531,081	64,776
DELAWARE	169,085	54,227
FLORIDA	1,728,178	93,202
GEORGIA	2,132,318	103,305
GUAM	79,018	11,975
HAWAII	206,171	55,154
IDAHO	563,441	64,085
ILLINOIS	2,335,704	108,389
INDIANA	2,154,091	103,849
IOWA	1,477,748	86,942
KANSAS	1,125,208	78,129
KENTUCKY	1,810,393	95,257
LOUISIANA	1,494,365	87,357
MAINE	652,768	66,318
MARYLAND	801,974	70,048
MASSACHUSETTS	963,573	74,088
MICHIGAN	2,594,934	114,870
MINNESOTA	1,507,631	87,689
MISSISSIPPI	1,440,420	86,009
MISSOURI	1,712,326	92,806
MONTANA	431,011	60,775
NEBRASKA	637,641	67,440
NEVADA	153,037	53,827
NEW HAMPSHIRE	467,897	61,697
NEW JERSEY	800,198	70,004
NEW MEXICO	579,761	64,493
NEW YORK	2,807,713	120,189
NORTH CAROLINA	2,832,744	122,315
NORTH DAKOTA	354,812	58,870
NORTHERN MARIANAS	12,511	10,313
OHIO	3,175,837	129,392
OKLAHOMA	1,311,090	82,775
OREGON	1,017,657	75,440
PENNSYLVANIA	3,501,084	137,522
PUERTO RICO	1,101,264	77,530
RHODE ISLAND	116,571	52,914
SOUTH CAROLINA	1,440,612	86,013
SOUTH DAKOTA	411,617	60,290
TENNESSEE	1,867,455	96,684
TEXAS	3,803,195	145,074
UTAH	306,736	57,668
VERMONT	324,283	58,107
VIRGIN ISLANDS	72,002	11,800
VIRGINIA	1,716,638	92,914
WASHINGTON	1,126,379	78,158
WEST VIRGINIA	1,152,900	78,821
WISCONSIN	1,766,408	94,158
WYOMING	262,333	56,558
TOTAL	$66,403,600	$4,250,000

SANATOR LAUTENBERG: Update the full funding agreements listing on page 312 of last year's hearing record 100-283, Part 2.

ANSWER: The information follows:

Full Funding Contracts
(Dollars in Millions)

UZA	Issue Date	Funding Source	Project Description	Base Fed. Contract Amount	Funding Thru FY 88	FY 89	FY 90	FY 91	FY 92 and Beyond
Portland (LOI)	3/24/82	IT	Banfield LRT	$ 145.0	$ 145.0	-	-	-	-
		3		$ 92.8	$ 87.0	$ 5.8	-	-	-
San Jose (LOI)	6/22/84	3	Guadalupe LRT	$ 205.8	$ 205.4	$ 0.4	-	-	-
		9A		$ 6.5	$ 6.5	-	-	-	-
		9		$ 45.4	$ 45.4	-	-	-	-
Jacksonville	2/1/85	3	Jacksonville	$ 17.3	$ 15.5	$ 1.8	-	-	-
		9A	Automated Shuttle	$ 1.7	$ 1.7	-	-	-	-
		9		$ 7.5	$ 6.1	$ 1.4	-	-	-
Seattle	5/15/86	3	Bus	$ 196.5	$ 179.7	$16.8	-	-	-
		9	Tunnel	$ 0.5	$ 0.5	-	-	-	-
Wash., D.C.	7/16/86	SH	Metrorail	$1,483.8	$1,483.8	-	-	-	-
Chicago	7/28/86	IT	S.W. Rail Proj.	$ 348.5	$ 322.2	$26.3	-	-	-
San Diego	11/17/86	3	East LRT Ext.	$ 20.2	$ 20.2	-	-	-	-
		9	(11.2 miles)	$ 38.2	$ 30.8	$ 7.4	-	-	-
Atlanta	6/30/88	3	Northeast Line	$ 83.7	$ 39.5	$ 44.2	-	-	-
		9	Chamblee-Doraville	$ 10.2	$ 10.2	-	-	-	-
Atlanta	6/30/88	3	East Line Avondale-Indian Ck.	$ 134.5	$ 105.5	$ 29.0	-	-	-
Chicago	9/23/88	3	256 Rail Cars	$ 187.0	$ 100.7	$ 49.5	$36.7	-	-
		IT		$ 94.4	$ 19.6	$ 28.5	$37.1	$ 9.3	-
St. Louis	10/25/88	3	Metro Link (18-miles)	$ 287.7	-	$149.5	$87.0	$51.2	-
Baltimore	12/21/88	IT	LRT-Section C	$ 273.4	$ 19.6	$81.8	$60.5	$58.8	$52.8

SENATOR LAUTENBERG: Update the charts found on pages 314 through 316 of Senate Hearing 100-283, Part 2, regarding "new start" earmarks.

ANSWER: The information follows:

STATUS OF UNOBLIGATED NEW START EARMARKS

CITY	AMOUNT ($MILLION)*	YEAR APPROPRIATED	ACTIVITIES TO BE FUNDED	FUNDING STATUS	COMMENTS
ATLANTA	$40.8	1989	NORTHEAST LINE (DORAVILLE)	FY 1989 FUNDS NOT OBLIGATED. LOCAL CAPITAL FUNDS FROM DEDICATED SALES TAX ARE COMMITTED TO PROJECT.	UNDER CONSTRUCTION.
	28.9	1989	EAST LINE EXTENSION		UNDER CONSTRUCTION.
BUFFALO	0.81	1986	THE NFTA DOES NOT PRESENTLY INTEND TO APPLY FOR THESE FUNDS. IT MAY LATER REQUEST THESE FUNDS FOR THE NAVAL PARK LRRT STATION OR A $250,000 STUDY OF FUTURE LRT ALIGNMENTS.	NOT OBLIGATED. IF THE NFTA ULTIMATELY APPLIES FOR THESE FUNDS, LOCAL MATCH FOR DESIGNING THE STATION MAY BE SOUGHT FROM NY STATE. CONSTRUCTION WOULD BE PERFORMED WITH PRIVATE FUNDS.	GRANT APPLICATION HAS NOT BEEN RECEIVED.
HOUSTON	49.8	1989	SYSTEM CONNECTOR	FUNDS NOT OBLIGATED. LOCAL FUNDING FROM DEDICATED SALES TAX.	ALTERNATIVES ANALYSIS/ DRAFT EIS IN PREPARATION.
SEATTLE	17.9	1989	BUSWAY TUNNEL CONSTRUCTION	FY 89 FUNDS NOT OBLIGATED. LOCAL FUNDS PROVIDED BY SALES, MOTOR VEHICLE AND EXCISE TAXES PLUS BONDS.	UNDER CONSTRUCTION.
JACKSONVILLE	4.0 7.0	1988 1989	AUTOMATED SKYWAY EXPRESS (EXTENSION)	NOT OBLIGATED. LOCAL MATCH WOULD BE FROM STATE AND CITY GENERAL REVENUES.	STARTER LINE TO OPEN MAY 1989. DESIGN AND RIGHT-OF-WAY ACQUISITION FOR EXTENSION UNDERWAY. FULL FUNDING GRANT AGREEMENT UNDER DISCUSSION.
LOS ANGELES	43.5 147.3	1988 1989	METRORAIL CONSTRUCTION (MOS-2)	FUNDS NOT OBLIGATED. LOCAL CAPITAL FUNDS ARE PLEDGED TO PROJECT BY CITY, STATE, LACTC, AND THRU BENEFIT ASSESSMENT DISTRICT.	MOS-1 UNDER CONSTRUCTION. SUPPLEMENTAL DRAFT EIS BEING PREPARED FOR MOS-2. FULL FUNDING GRANT AGREEMENT UNDER NEGOTIATION.

CITY	AMOUNT ($MILLION)*	YEAR APPROPRIATED	ACTIVITIES TO BE FUNDED	FUNDING STATUS	COMMENTS
DENVER	$ 6.5 14.1 15.9	1987 1988 1989	CONSTRUCTION OF NORTH I-25 BUS/HOV LANES.	FUNDS NOT OBLIGATED. LOCAL MATCH BY RTD (SALES TAX), STATE GAS TAX, CITY BOND ISSUE.	PRELIMINARY ENGINEERING UNDERWAY. ENVIRONMENTAL ASSESSMENT AND FINANCING PLAN VIRTUALLY COMPLETE. FULL FUNDING GRANT AGREEMENT UNDER NEGOTIATION.
SALT LAKE CITY	3.6 5.0	1988 1989	PE FOR PROPOSED TRANSIT IMPROVEMENTS IN I-15 STATE STREET CORRIDOR.	FUNDS NOT OBLIGATED. LOCAL MATCH NOT YET IDENTIFIED.	ALTERNATIVES ANALYSIS UNDERWAY. FINANCING PLAN AND DRAFT EIS NOT YET COMPLETE.
NEWARK	2.0	1989	PLANNING AND FINANCIAL ANALYSIS FOR PEOPLE MOVER FROM NEWARK TO AIRPORT	FUNDS NOT OBLIGATED.	GRANT APPLICATION HAS NOT BEEN RECEIVED.
PORTLAND	5.5	1989	LAND FOR SHOPPING CENTER AND TRANSIT STATION.	FUNDS NOT OBLIGATED.	GRANT APPLICATION HAS NOT BEEN RECEIVED. EA BEING PREPARED.

* AMOUNTS REFLECT ADJUSTMENT FOR PROJECT MANAGEMENT OVERSIGHT (PMO) CONTRACTOR.

SENATOR LAUTENBERG: Please provide a status report on pending regulations.

ANSWER:

1. Pre-award and post-delivery audits. This regulation is required by the 1987 STURAA. A draft NPRM on this issue was published in the *Federal Register* on October 18, 1988. The comment period closed December 18, 1988, and UMTA now is developing the final rule.

2. Buy America. An NPRM implementing the 1987 STURAA changes to Buy America was published in the *Federal Register* on August 26, 1988. The comment period closed October 28, 1988, and UMTA now is drafting the final rule.

3. Capital leases. An NPRM addressing this rule required by the 1987 STURAA was published in the *Federal Register* on May 20, 1988. The comment period ended July 19, 1988, and UMTA now is preparing the final rule.

4. Charter service amendment. The NPRM was published in the *Federal Register* on May 25, 1988; the comment period ended July 25, 1988. The final rule was published in the *Federal Register* on January 30, 1989.

5. Drug testing. The NPRM was published July 8, 1988; the comment period ended September 6. The final rule was published in the *Federal Register* on November 21, 1988.

6. Bus testing guidelines. UMTA's NPRM on this matter required by the 1987 STURAA is being developed.

7. Project Management Oversight. An NPRM was issued pursuant to 1987 STURAA on July 23, 1987. UMTA is preparing the final regulation.

8. Major capital investment projects. An NPRM implementing this 1987 STURAA requirement has been prepared. The agency anticipates the NPRM will be published in the *Federal Register* very soon.

SPECIAL PROJECTS

SENATOR LAUTENBERG: Please explain the Suburban Mobility Initiative being undertaken by UMTA. What is the purpose of that initiative?

ANSWER: According to recent studies, in 1984 the suburbs of our country contained 44 per cent of the total population, compared to 32 percent in central cities. Suburban area jobs now account for almost half of all metropolitan area jobs. The number of suburban workers commuting within the suburbs is double the number commuting to the Central Business Districts of our nation. In addition to these continuing residential and employment trends, automobile ownership has increased over 50 percent in the years between 1960 and 1980. These statistics only underscore what all of us already know - that traffic congestion in suburban areas is a major problem in many of our nation's cities today.

In response to this situation of increasing traffic congestion and decreasing tranasportation mobility, the Urban Mass Transportation Administration (UMTA) announced the Suburban Mobility Initiatives program in early 1988. The purpose of the program is to to help local communities address their growing traffic congestion problems in suburban areas by encouraging and helping to develop effective alternatives to the single occupant automobile for travel in and around the nation's suburbs.

The program is designed to generate creative strategies for solving the traffic congestion problems through cooperation among public officials, developers, transit planners, employers, and individual citizens. The program involves providing technical assistance to public and non-profit bodies, disseminating information and promoting suggested solutions, developing suggested guidance and guidelines for policy-makers and transit professionals, conducting research, and conducting evaluations and case studies.

SENATOR LAUTENBERG: Last year you stated that you were gearing up to finance a series of Competitive Services demonstrations to compare public and private transit operations. Are any such demonstrations underway? If so, what have been the results?

ANSWER: There are a total of 10 major competitive services demonstrations now in process. These demonstrations cover a spectrum of small, medium and large transit operators ranging in size from 30 busses in Little Rock, Arkansas to 1000 buses in Minneapolis, Minnisota. Five of the demonstrations involve the competitive contracting of the entire system:

- o Minneapolis, Mn.
- o Des Moines, Ia
- o Little Rock, Ak.
- o Cobb County, Ga.
- o Laurel, Md.

While the remaining five involve competitive contracting of segments of the transit system.

- o Cincinnati, Oh
- o Los Angeles, Ca
- o Miami, Fl
- o New Orleans, Miss.
- o Pittsburgh, Pa

As of this time preliminary results at several demonstration (Minneapolis, Los Angeles, New Orleans, and Cincinnati) indicate that services awarded through a competitive process is 30-50 percent less costly than if the service were to be provided by the public operator without competition.

As a second round of competitive service demonstrations, the following cities will be contracting out new services or increase the service level of successfully contracted services:

- o Los Angeles, Ca
- o Baltimore, Md.
- o Cincinnati, Oh.
- o Seattle, Wa.
- o Orange County, Ca.
- o Snohomish, Wa.

SENATOR LAUTENBERG: The Department of Transportation has a policy requiring 10 percent minority participation in its programs. What is the level of minority participation in the UMTA program?

ANSWER: UMTA anticipates that in Fiscal Year 1989 the DBE participation rate of grant recipients, collectively, will again exceed the 10 percent goal requirement mandated by Section 106(c).

SENATOR LAUTENBERG: Recent news accounts in the Washington papers pointed out that a reverse commute service was developed by the Kenilworth-Parkside public housing project with UMTA's assistance. Does UMTA fund any other reverse commute projects? What priority does UMTA place on such projects?

ANSWER: UMTA has funded development of 22 reverse commute projects in 15 cities. Two projects have service operating: Washington, D.C. which transports about 120 people per day, and Philadelphia, Pennsylvania which handles approximately 130 people daily. A number of other sites are under consideration for funding or technical assistance.

The 15 cities with reverse commute services in various stages of development are:

Washington, D.C. (3 projects)
St. Louis, Missouri
Kansas City, Missouri
Boston, Massachusetts
Chicago, Illinois (3 projects)
Cleveland, Ohio
Jersey City, New Jersey
Camden, New Jersey
New Orleans, Louisiana
Rochester, New York
Philadelphia, Pennsylvania (3 projects)
Chester, Pennsylvania
Atlanta, Georgia
Houston, Texas (2 projects)
Minneapolis, Minnesota

Reverse commute services are a high priority within UMTA because: (1) they are privately operated, unsubsidized transportation services that are designed to become self-sufficient (thus saving federal tax dollars); and (2) they respond to the needs of the communities they serve by providing the unemployed with access to suburban job centers.

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM (DBE)

SENATOR LAUTENBERG: What are UMTA's DBE goals?

ANSWER: Pursuant to the Department of Transportation's Minority Business Enterprise regulation, 49 CFR Part 23, as amended, UMTA has an obligation mandated by Congress to assure that its grant recipients, in the aggregate, meet an overall 10 percent goal for the utilization of small business concerns owned and controlled by socially and economically disadvantaged individuals, including women.

SENATOR LAUTENBERG: How were those goals set?

ANSWER: The authority for UMTA to establish and implement this goal requirement derives from Section 106(c) of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA) which states that not less than 10 percent of the funds shall be expended with small business concerns owned and controlled by socially and economically disadvantaged individuals, including women. Grant recipients establish their overall DBE goals in each Federal fiscal year by determining the total amount of UMTA assisted funding that will be used for contracts and procurements. The grant recipient projects the dollar amount of contracts that will be awarded to DBEs based on the types of contracting opportunities and availability of DBEs. The proposed goals are submitted to UMTA for review and approval.

SENATOR LAUTENBERG: What has been the percentage of funding spent by grantees with disadvantaged business enterprises (DBEs) in the last 2 years?

ANSWER: In Fiscal Year (FY) 1987, 424 grantees reported DBE participation rates in response to the Department of Transportation (DOT) Minority Business Enterprise regulation. These grantees awarded over $418.2 million to DBEs which represented 17 percent of the total $2.6 billion in UMTA assisted contracts.

Statistics for FY 1988 show a total of 363 grantees reported DBE participation rates in response to DOT Minority Business Enterprise regulation. These grantees awarded $459.3 million to DBEs which represented 21 percent of the $2.2 billion in total contract awards and procurements. The increased utilization of DBEs is accounted for in major part to: increased efforts by grant recipients to implement their contracting with the private sector; an appreciable utilization of DBEs by the largest grant recipients located in areas with a substantial representation of minority and women-owned firms; and a comprehensive reporting form that more accurately reflects actual contracting/procurement activities.

SENATOR LAUTENBERG: Provide the listing by State of DBE participation for the last Fiscal Year for which UMTA has information?

ANSWER: The information is provided on the attached chart. Please note that the data reflects one or more grantees per State, with a total of 363 grantees nationwide.

DISADVANTAGED BUSINESS ENTERPRISE PARTICIPATION BY STATE*

FISCAL YEAR 1988

STATE	TOTAL UMTA FUNDS	TOTAL DBE FUNDS	PERCENT OF DBE PARTICIPATION
ALABAMA	$3,755,594	$607,027	16%
ALASKA	$1,627,885	$238,105	15%
ARIZONA	$3,922,125	$815,367	21%
ARKANSAS	$922,636	$178,898	19%
CALIFORNIA	$322,241,555	$82,312,719	25%
COLORADO	$18,833,374	$2,852,682	15%
CONNECTICUT	$38,992,554	$4,667,876	12%
DELAWARE	$5,991,378	$791,275	13%
DIST. OF COLUMBIA	$287,555,686	$65,805,663	23%
FLORIDA	$228,696,899	$11,914,691	5%
GEORGIA	$5,185,815	$242,758	5%
HAWAII	$1,637,659	$1,125,128	69%
IDAHO	$1,116,966	$34,020	3%
ILLINOIS	$115,619,837	$33,540,987	29%
INDIANA	$6,705,148	$1,283,555	19%
IOWA	$3,919,579	$319,285	8%
KANSAS	$333,064	$45,533	14%
KENTUCKY	$2,419,311	$115,487	5%
LOUISIANA	$31,580,978	$12,528,312	40%
MAINE	$14,309	$14,309	100%
MARYLAND	$37,316,505	$6,357,731	17%
MASSACHUSETTS	$165,371,439	$73,533,544	44%
MICHIGAN	$16,195,376	$3,360,692	21%
MINNESOTA	$20,508,109	$3,268,219	16%
MISSISSIPPI	$1,688,132	$178,037	11%
MISSOURI	$23,828,751	$4,161,650	17%
MONTANA	$797,528	$121,980	15%
NEBRASKA	$1,022,551	$189,159	18%
NEVADA	$268,247	$25,731	10%
NEW HAMPSHIRE	$92,622	$25,604	28%
NEW JERSEY	$67,849,966	$9,568,146	14%
NEW MEXICO	$2,539,289	$267,198	11%
NEW YORK	$397,005,270	$59,714,915	15%
NORTH CAROLINA	$3,629,584	$440,726	12%
NORTH DAKOTA	$642,356	$171,141	27%
OHIO	$47,473,147	$5,452,083	11%
OKLAHOMA	$1,058,364	$295,973	28%
OREGON	$18,109,919	$1,172,779	6%
PENNSYLVANIA	$128,704,718	$13,755,998	11%
PUERTO RICO	$19,024,125	$12,311,349	65%
RHODE ISLAND	$1,808,238	$218,994	12%
SOUTH CAROLINA	$1,543,828	$124,139	8%
SOUTH DAKOTA	$232,186	$22,657	10%
TENNESSEE	$13,708,232	$550,929	4%
TEXAS	$56,413,025	$199,931	33%
UTAH	$3,490,695	$794,948	23%
VERMONT	$22,604	$2,489	11%
VIRGINIA	$6,786,418	$2,019,921	30%
WASHINGTON	$107,425,628	$23,556,676	22%
WEST VIRGINIA	$1,604,935	$252,190	16%
WISCONSIN	$3,743,334	$765,651	20%
WYOMING	$213,168	$21,145	10%

* Data includes: State agencies, transit systems, and metropolitan planning organizations. A total of 363 grantees are included in the 52 states.

ORGANIZATION CHANGES/PERSONNEL COSTS

SENATOR LAUTENBERG: Your administrative costs for fiscal year 1990 are based on a smaller, formulized program. What would be the administrative dollar and personnel request if the transit program remained at the annual level of about $3 billion?

ANSWER: We will be able to support a $3 billion UMTA program with the resources contained in this budget request.

SENATOR LAUTENBERG: Have there been any UMTA organizational changes?

ANSWER; There have been no recent organizational changes within UMTA nor are any pending at this time.

GRANTS MANAGEMENT

SENATOR LAUTENBERG: In your statement, you say that $200 million was returned to the program after closing out grants. From what programs did this money come?

ANSWER: The source of the $200 million is as follows:

Urban Formula/Non Urban Formula	-	126,977,516
Urban Mass Transportation Fund	-	32,592,860
Urban Discretionary Fund	-	17,712,263
Interstate Transfer Grants	-	1,325,888
Mass Transportation Capital Grants	-	19,744,699
Research, Training and Human Resource	-	3,830,805
		$202,184,031

SENATOR LAUTENBERG: What happens to the $200 million?

ANSWER: $115.8 million remained available to the grantee, $38.4 million lapsed back to treasury, $24 million was transferred to the Coast Guard to assist their Drug Interdiction efforts, and the $23.8 million remainder was returned for program use.

SENATOR LAUTENBERG: Is it now discretionary money for the administrator?

ANSWER: Only a small portion of this money is available for discretionary use.

SENATOR LAUTENBERG: If not, how does the returned money get re-distributed?

ANSWER: For the most part, the money was redistributed by formula or reapportioned as with the funds transferred to the Coast Guard.

DISCRETIONARY FUNDS

SENATOR LAUTENBERG: At the start of fiscal year 1989, how much discretionary money was available?

ANSWER: The total for Section 3 discretionary funds, including the bus, rail modernization and new systems categories, prior year deobligated funds and unspent Project Management Oversight funds, was $1,778.9 million.

SENATOR LAUTENBERG: List, by year, the source of funds and the amount of funds (e.g., 1987, Section 3 -- Rail Mod, $100 million).

ANSWER: The information is furnished below:

SECTION 3 DISCRETIONARY FUNDS

Activity	Fiscal Year	Amount
New Systems:	84	22.6
	85	60.8
	86	49.7
	87	31.3
	88	136.8
	89	400.0
Rail Mod:	87	93.0
	88	227.2
	89	436.8
Bus:	87	7.4
	88	115.4
	89	143.3
PMO:	89	4.9
Deobligated Funds	84-88	49.4
	TOTAL	1,778.9

SENATOR LAUTENBERG: How much of the discretionary money was due to grants management recapture, or unused Section 9 returns?

ANSWER: A total of $49.2 million represented the amount of Section 3 discretionary funds returned to UMTA through deobligations. Unused (lapsed?) Section 9 funds do not come back to the discretionary account but are returned to the Section 9 account where they are reapportioned to Urbanized Areas (UZA's). Deobligated Section 9 funds are returned to the possessing UZA unless the funds have lapsed to that UZA.

BUS - DIESEL MOTOR

SENATOR LAUTENBERG: Is UMTA proposing any relief from the coming regulations on bus diesel motors?

ANSWER: UMTA is reviewing the American Public Transit Association petition to the Environmental Protection Agency. As soon as its review is complete UMTA will propose a position to the Secretary.

SENATOR LAUTENBERG: Do you think that bus diesels should be required to meet EPA standards after truck diesels? If not, why not?

ANSWER: No. Buses operate in the congested urban centers of our cities while most trucks do not. Thus the pollutants emitting from buses are more visible and toxic to the general public. It would, therefore, be more beneficial from a public benefit point of view to require buses to be in compliance with the new EPA standards before trucks.

Question Submitted by Senator Domenici

SENATOR DOMENICI: Would you please provide a comparison of the total operating cost recovered by WMATA at the farebox with those of other major urban transit systems?

ANSWER: Operating expenses recovered by farebox income at WMATA and other major transit systems are as follows:

Transit System	Farebox Revenue/ Operating Expenses = %
Washington - WMATA	49.7%
Chicago - CTA	51.2
Boston - MBTA	32.8
New York - NYCTA	49.8
Philadelphia - SEPTA	50.3
Pittsburgh - PAT	35.7
San Francisco - MUNI	29.6

QUESTIONS SUBMITTED BY SENATOR SASSER

SENATOR SASSER: Mr. DelliBovi, I am interested in the real impact of the $1.6 billion cut proposed by Mr. Reagan and endorsed by President Bush. Wouldn't such a cut result in a complete elimination of operating and maintenance assistance to large urban areas like Memphis and Nashville, and prehaps other, even smaller cities?

ANSWER: While the Administration has proposed eliminating operating assistance for the larger urbanized areas, Federal operating assistance will continue to be available to the smaller areas that rely on such assistance. Federal operating assistance has been of decreasing importance to larger transit operators in recent years. It now amounts to less than 7 percent of total operating cost. It should also be pointed out that under the broader definition of associated capital maintenance items that has recently been enacted, a wide variety of materials and equipment used for maintenance may be purchased with capital funds, which the Administration proposes continuing. In addition, capital funds may be used to lease equipment.

SENATOR SASSER: I also wanted to take this opportunity to follow up on a matter that our respective staffs have been working on together during the last few months. It involves the procurement of ten buses by the Memphis Area Transit Authority. As you know, UMTA had originally refused to participate in this acquisition because of questions it had regarding MATA's compliance with certain procurement requirements. As a result of negotiations between our staffs, UMTA agreed to reconsider its decision and review additional legal and factual materials submitted by MATA. I understand that your staff is currently looking at those materials.

Mr. DelliBovi, I know that you are aware that the Memphis Transit Authority is financially strapped, and that it procured these buses in the good faith belief that UMTA would help pay for them. You and your staff have been very cooperative in taking a second look at this matter, and I appreciate that. Can you give me today any further information about UMTA's attitude toward MATA's situation?

ANSWER: As I indicated to you in my recent letter, UMTA is making every effort to assist in establishing the eligibility of those vehicles. MATA has always accepted that mistakes were made. MATA's own outside counsel has confirmed UMTA's position on the essential points. We would agree that our guidance could have been better. But then there is always a tradeoff to be made between micro-management at the Federal level and the principles of Federalism which seek to place maximum reliance on local decision making.

We see no evidence of bad faith on MATA's part. As long as we can obtain satisfactory assurances from MATA that they will take whatever steps are necessary to strengthen their procurement practices to prevent a recurrence of the problems identified in the procurement of these buses, I promise to exercise whatever discretion I may have under the law to permit UMTA funds to be used. I continue to be optimistic that we can resolve this to the mutual satisfaction of MATA and UMTA.

QUESTIONS SUBMITTED BY SENATOR MIKULSKI

SENATOR MIKULSKI: Reductions in Section 9 capital funds, intended to meet the routine capital needs of transit systems, including the replacement of worn out buses, mean that the Maryland Mass Transit Administration can no longer purchase the 80 buses a year needed to maintain a safe and efficient fleet.

It is my understanding that the Section 3 discretionary program's bus and bus facilities funds are not being utilized. Therefore I would like to ask if UMTA would permit Section 3 funds to be used to supplement Section 9 capital funds for bus replacement.

ANSWER: The use for Section 3 discretionary funds that you propose is certainly an appropriate use from our standpoint. As you know, when the Section 9 formula program was established in FY 84, the Section 3 program was envisioned to assume a more supplementary role. Routine, year-to-year capital requirements were to become the responsibility of the Section 9 program while individual projects with large, one-time capital requirements exceeding an area's ability to finance with formula funds within a reasonable length of time would become serious candidates for Section 3 funds to ameliorate the shortfall. Certainly, with the reduction in Section 9 resources due to the budget deficit, the Section 3 program can play an important part. Secretary Skinner's Section 3 Overmatch Initiative recognizes the importance of targeting scarce Section 3 funds to those projects most valued by metropolitan areas. In order to advance applications for Section 3 funds, those localities which demonstrate the highest commitment (as recognized by the extent of overmatch above the statutory 25% local share) will have their applications elevated in priority and expedited accordingly.

SENATOR MIKULSKI: Why does UMTA wait until the end of the fiscal year to approve Section 3 discretionary grants, usually for major capital projects, that have been earmarked by Congress? Why aren't these funds available, assuming that the Federal grant application has been processed at the beginning of the Federal fiscal year?

Specifically, Maryland has a grant application before UMTA for Section 3 funds for passenger locomotives and railcars that are sorely needed to keep up with the demand for commuter rail service. The state intends to award a contract for this equipment July 1, 1989. When can the state expect to receive notice that the federal grant agreement has been executed?

ANSWER: In FY 88, UMTA placed the Section 3 application process on a regular basis, similar to the formula grants release cycle, whereby applications were due on a certain date with UMTA guaranteeing that each application would be acted upon by a specified date. We would expect that this project would be given priority consideration in the FY 89 cycle. Finalization of the dates for the FY 89 cycle will likely await appointment of a new UMTA Administrator. Given that the grant you mention has met all statutory and administrative requirements, it is reasonable to expect that UMTA approval can be made prior to July 1, 1989. This is, of course, provided that no changes to the original grant are made in the interim.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

SENATOR D'AMATO: Last fall, I joined Secretary Burnley and UMTA Administrator Al DelliBovi in announcing UMTA's $47 million Alternative Fuels Initiative Program. What progress has UMTA made with this program to date?

ANSWER: UMTA has sent letters to transit agencies inviting them to participate in UMTA's Alternative Fuels Initiative (AFI) program. UMTA has sent letters to the governors and mayors of over 100 areas in the nation that are not in compliance with the Environmental Protection Agency clean air standards, to inform them of the UMTA AFI program and to invite them to use this initiative as an aid in meeting the clean air standards.

SENATOR D'AMATO: Is UMTA getting a good response from transit authorities?

ANSWER: Yes. We have received 35 replies, in the form of applications, proposals, and letters. Many more are being prepared by the transit agencies. Of these 35 replies, we have received requests for over 400 alternative fueled vehicles, with most of these being for compressed natural gas (CNG) vehicles, some for methanol, and a few for propane.

SENATOR D'AMATO: What is UMTA's view of the transit industry's ability to meet the 1991 EPA particulate emission standards?

ANSWER: UMTA has met with representatives of the Detroit Diesel Corporation and the Cummins Engine Company, the heavy duty engine suppliers, to discuss their ability to have production engines available to meet the 1991 EPA particulate emission standard of 0.1 g/bhp-hr. Both have expressed difficulties in being able to produce diesel engines that can meet the 1991 emission requirements. They are presently working on alternative fueled heavy duty engines that will use methanol or compressed natural gas (CNG), instead of diesel fuel, which they indicate will meet this standard and which may be ready for production by 1991.

SENATOR D'AMATO: Does UMTA have a position on whether the transit industry should be allowed to meet the lower emission standards that now apply to the trucking industry by 1991, rather than the tougher bus standards? (NOTE: APTA has filed a petition with EPA to meet the phased-in standards that apply to trucks, rather than the current bus standards.)

ANSWER: UMTA is reviewing the APTA petition to the EPA. As soon as its review is complete UMTA will propose a position to the Secretary.

QUESTIONS SUBMITTED BY SENATOR GRASSLEY

SENATOR GRASSLEY: Iowa puts in about $14 million dollars a year in funds from the gas tax that is collected for mass transit programs. In the past, we have received back less than $500,000 a year from the program. I have supported bills that would require that a mere one half percent that a state puts in the program be returned to that state. Do you feel that is fair? If not, why?

ANSWER: We agree that it is not fair that the gas tax funds be used for the discretionary program, under which funds go only to a small number of states. That is why we have proposed distributing the entire amount generated by the gas tax by formula.

On the other hand, if the gas tax continues to be distributed as the discretionary program, any such limitation would severely constrain our ability to match these funds to the most cost-effective projects, resulting in the potential for some very poor investments.

Any minimum allocation requirement should take into account all of the Federal gas tax receipts and their use in both the highways and transit programs.

In addition, any discussion of the distribution of the gas tax for transit should also take into account the amount of general funds distributed to all states in the formula program.

SENATOR GRASSLEY: How do you see the distribution of the MTA/Section 3 grants being handled?

ANSWER: We will continue to manage the Section 3 funds in a manner that incorporates the needs of small urban and rural areas.

SENATOR GRASSLEY: Understanding that the small urban needs (replacement buses and garage facilities) are critical to those areas, will you help provide a level playing field between small urban bus and large urban rail projects?

ANSWER: Small urban area bus needs and large urban area rail needs actually do not compete with one another under the funding structure of STURAA.

This statute specifies that Section 3 funds are allocated as follows:

- 40 percent for new starts
- 40 percent for rail modernization
- 10 percent for bus
- 10 percent (unspecified)

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

STATEMENTS OF:

CARMEN TURNER, GENERAL MANAGER

ALFRED A. DELLIBOVI, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION

ACCOMPANIED BY:

WILLIAM A. BOLEYN, ASSISTANT GENERAL MANAGER FOR FINANCE AND COMPTROLLER

JOHN F. McELHENNY, ASSISTANT GENERAL MANAGER FOR DESIGN, CONSTRUCTION AND FACILITIES MAINTENANCE

OPENING REMARKS

Senator LAUTENBERG. Ms. Turner, if you could summarize your testimony, we have an obligation to break out of here, and we will not take much of your time, but we would invite you and your colleagues to make your presentation in a short form, if you can.

BUDGET REQUEST

Ms. TURNER. I will try to summarize this as quickly as possible.

Good afternoon. We are certainly pleased to be here, and to have an opportunity to testify on our fiscal year 1990 appropriation request.

The Authority's fiscal year 1990 appropriations request is for $193.1 million, which represents the remaining funds in the Stark-Harris authorization.

We look at our system and our activities as having two major functions. One is to complete construction of the regional rail system, and the other is to provide high-quality bus and rail service.

We are now operating 70 miles of rail service and 64 stations. Each day we put 1,600 vehicles on the street in bus service.

Let me take just a moment to show you the 70 miles of rail service that we are operating. We are operating on the Red Line from Silver Spring to Shady Grove, the Orange Line from Vienna to New Carrollton, the Blue Line from National Airport to Addison Road, and on the Yellow Line from Gallery Place to Huntington.

Senator MIKULSKI. Ms. Turner, could you pull the microphone closer? It is hard to hear you.

APTA AWARD

Ms. TURNER. We always take the opportunity to share good news.

Last fall the American Public Transit Association nominated and honored WMATA with the outstanding transit authority award for 1988. Of course, it is always wonderful to be recognized by your peers in the industry.

I also want to say a word about ridership. Our ridership continues to outpace our projections. We are seeing ridership that grew at a rate 7.6 percent in this region last year without any additional new lines. We are seeing ridership grow both on the bus and rail. More on the rail than on the bus for understandable reasons.

Also, I would like to point out that on Inauguration Day, we had the highest ridership in 1 day that we have had during the life of the system. We carried 604,000 passengers on that day, on rail, and then an additional 244,000 passengers on bus. I would like to take a moment to suggest that if we did not have the rapid transit system, and all those cars were downtown, we certainly would have had a serious problem in terms of congestion.

CONSTRUCTION PROGRAM

Let me turn to the rail construction program for a moment.

In addition to the 70 miles that we are operating, we have 19.5 miles that are under construction. These are the miles that are under construction and are covered by the full-funding agreement.

Of those 19 miles that are under construction, we have 3.2 miles underway on the Red Line, from Silver Spring to Wheaton. That is scheduled for operation in September 1990.

If we turn to the Yellow Line, we have 3.7 miles under construction, from King Street to Van Dorn. That is scheduled to come into operation in 1991.

Finally, if we turn to the Green Line, where we have 12.6 miles under construction, we have construction from Gallery Place to U Street and from L'Enfant Plaza to Anacostia.

The Gallery Place to U Street segment is scheduled to open in 1990. L'Enfant Plaza to Anacostia will open in 1991; and Fort Totten to Greenbelt will be in revenue service in 1993.

Our appropriation request for 1990 is for the full $193.1 million remaining in the Stark-Harris authorization. These Federal funds will be matched with $48.3 million representing the local share.

The funds used will be for additional cars, construction, project management, startup and claims costs.

Let me just say a word about the cars. We believe that one of the most outstanding and critical needs for us is the purchase of additional cars. Based upon our best ridership projection and analysis, we know that we need at least another 100 railcars in order to meet the ridership requirements for the 89.5-mile system.

We would say that in signing to the full-funding agreement, we agreed not only to build, but to operate the rail system. When we refer to operable segments, we are talking about bricks and mortar, but we are also talking about rolling stock. Therefore, we believe that it is absolutely critical that we also have the required cars to operate the system.

By way of background, Congress appropriated $17.3 million in fiscal year 1988 for the purchase of railcars, and $52 million in fiscal year 1989 for an additional 50 railcars, totaling $69.3 million, for the Federal share of 68 railcars.

Those cars are critical to us as we move forward with our construction program and as we bring into revenue service those lines I have just described.

FUNDING REQUEST

Our request for $193.1 million includes $31.2 million in fiscal year 1990 for additional railcars. I will make a few other key points and then take some questions.

In addition to funds for the railcar purchase, we estimate that we will need $22.5 million in fiscal year 1990 funds to cover construction claims. We had included money for claims in our fiscal year 1989 request.

The fiscal year 1989 appropriation was lower than our expectations, and thus our claims cost carried over into our 1990 request.

In addition to that, we are asking for $139.4 million to cover project management, startup and other construction costs to complete the 89.5-mile system.

You may wonder why we are asking for the balance of the funding. We believe that it is imperative to hold our management team in place. One of the understandings and provisions in the full-funding agreement was that we would have adequate specialized construction teams. We think that by having that money, we are able to assure those people working on our system that this project will go forward.

In addition, we believe that if we have the flexibility to take advantage of new technology, we may even find that we can advance the construction, perhaps resulting in some cost savings. As I said, if we have the flexibility to use this money, we can move quickly as technology and other changes come about.

Let me just say a few words about the Authority's fiscal year 1990 operating budget. I am pleased to say that the operating budget will go to the full Board within the next few weeks. The Authority's proposed fiscal year 1990 operating budget is $576.2 million. I would like to point out that 90 percent of our increased costs over last year are nondiscretionary and inflation-related expenses.

The operating budget includes $10 million in additional revenues, to be generated by a fare increase. We have not determined exactly how that fare increase will be implemented. However, there is a fare increase proposed in the general manager's budget for 1990.

Last, let me quickly turn to the last piece of this testimony and touch on the fact that the Metrorail system is an Adopted Regional System. It was designed to operate as a 103-mile system.

All of the construction and all of the planning that have occurred to date are based on a system that operates at maximum efficiency when the full 103 miles is complete. We have 13.5 miles remaining to be built. I will take a moment to show you the last segments.

The pieces that are still unfunded in the 13.5 miles are from Fort Totten to U Street. In addition to that, on the Green Line, from Anacostia to Branch Avenue, on the Red Line from Wheaton to Glenmont, and finally on the Yellow Line from Van Dorn to Springfield-Franconia.

First of all, I want to emphasize that Metrorail is not a new start. This is a project that has been under design and construction for some 20 years. We have an Adopted Regional System that all of the jurisdictions in this region agreed to build. We have a system that we believe will deliver rapid rail transit in the most efficient manner possible to the people of this region. The service and inspection yards and all of the facilities are strategically placed in the system to achieve that objective.

In conclusion, I would like to reiterate that our request is for the balance of the Stark-Harris authorization. We believe it will allow us to buy the necessary cars and give us the flexibility to make good management judgments and to take advantage of changes in technology. It will cover our claims and startup costs. As prudent managers, if we have sufficient flexibility, we may even be able to bring our construction program in under cost, and produce some savings.

PREPARED STATEMENT

Senator **LAUTENBERG**. Thank you very much, and we commend you on a job well done. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF CARMEN E. TURNER

Good morning, I greatly appreciate the opportunity to testify on our program for fiscal year 1990. Once again, I want to thank you, Mr. Chairman, and the members of this Subcommittee for your steadfast support for Metro, and the entire transit program, at a time when there is fierce competition for Federal funds. The Authority's fiscal year 1990 appropriations request to Congress is for the $193.1 million remaining in the Stark-Harris authorization. Today, I will discuss our current operations and construction programs, our fiscal year 1990 request, and plans for completion of the 103 mile system.

Each day, as we strive to provide high quality public transportation service for the metropolitan region, we are reminded that we have a dual mission—to construct the 103 mile Metrorail system, and to operate and maintain a high quality integrated bus and rail system. We currently serve the metropolitan region with 70 miles and 64 stations on our Metrorail system and 1600 vehicles in our bus fleet.

As our map shows, the rail system is operating on:

- the Red Line from Silver Spring to Shady Grove;
- the Orange Line from Vienna to New Carrollton;
- the Blue Line from National Airport to Addison Road; and
- the Yellow Line from Huntington to Gallery Place.

We are very pleased that last fall, at the American Public Transit Association (APTA) Annual meeting, we received the 1988 Outstanding Achievement Award. This award is given annually to the North American transit system that has demonstrated extraordinary achievement in all aspects of planning, construction, safety, operations and maintenance. It is a tremendous honor to be recognized by our peers in the industry.

Ridership is one of the key performance measures the transit industry uses. Our ridership continues to grow dramatically, with rail ridership exceeding all our earlier projections and bus ridership steadily expanding. Last year, Metrorail ridership increased by 9.7 million trips, a 7.6 percent increase at a time when there were no new rail line openings. Our rail system is now second only to New York in terms of passengers carried each day. Metrobus ridership is also up by 1.6 percent, 2.1 million trips more than last year.

Inauguration Day is an excellent example of how critical mass transit is to the National Capital region. On that day we carried a record 604,000 passengers on rail and 244,660 passengers by bus. Without Metro, this region would have come to a standstill on January 20th if those participating in Inaugural activities converged in their vehicles on the downtown area.

RAIL CONSTRUCTION PROGRAM

In addition to our 70 miles in operation, we have another 19.5 miles under construction, which will complete 89.5 miles of the 103 mile system, Our construction program is structured to meet the requirements of the Full Funding Agreement with the Urban Mass Transportation Administration, which provides for the completion of 89.5 miles of the Adopted Regional System within the funding authorized by the Stark-Harris legislation.

Of the 19.5 miles of construction, 3.2 miles are underway on the Red Line in Maryland from Silver Spring to Wheaton. The tunnels are complete from Silver Spring to Wheaton. The tail track, the temporary storage and turn back area beyond Wheaton are 89% complete. We plan to begin construction of the Wheaton Plaza parking facility in June. This segment is scheduled for operation in September 1990.

Another 3.7 miles are under construction on the Yellow Line in Virginia from King Street to Van Dorn, scheduled to open in early 1991. Construction on bridges over Cameron Run, Eisenhower Avenue and Van Dorn Street has been completed. Construction of the Van Dorn Street Station and line is underway and work on trackwork installation, automatic train control, communications, elevators and escalators has begun.

Finally, construction is underway on 12.6 miles of the Green Line from Gallery Place to "U" Street, from L'Enfant Plaza to Anacostia in the District of Columbia, and from Fort Totten to Greenbelt in Maryland. The tunnels under the Anacostia River are complete. Work is well underway on the Anacostia and Navy Yard stations, and trackwork installation from Gallery Place to U Street and from L'Enfant Plaza to Anacostia has begun. Construction is also underway on the Outer Green Line from Fort Totten to south of the College Park Station. We expect to award the construction contract for the College Park Station early this year. These sections of the Green Line are scheduled to open in this sequence:

- Gallery Place to "U" Street, opening in late 1990;
- L'Enfant Plaza to Anacostia, opening in late 1991; and
- Fort Totten to Greenbelt, opening in late 1993.

FY 1990 APPROPRIATION REQUEST

In order to complete the 89.5 miles of the system covered by the Full Funding Agreement, we are requesting the appropriation in fiscal year 1990 of the full $193.1 million remaining in Stark-Harris. This will be supplemented by a local matching share of $48.3 million. These funds will be used for additional rail cars, to meet construction claim obligations, and to cover project management, start-up, and other construction costs.

Our analysis of rail car needs shows that at least 100 rail cars will be required to meet current ridership demands and to accommodate the ridership increases resulting from five new rail line openings over the next 4 years. In summary these new lines are as follows:

- Red Line—Silver Spring to Wheaton, September 1990;
- Green Line—Gallery Place to U Street, late 1990;
- Yellow Line—King Street to Van Dorn, early 1991;
- Green Line—L'Enfant Plaza to Anacostia, late 1991; and
- Green Line—Fort Totten to Greenbelt, late 1993.

The Full Funding Agreement requires us to build the system in operable segments and to assure that funds are available to bring each segment into full revenue service in accordance with current WMATA operating standards before construction begins on that segment. This means that we must provide for both the bricks and mortar to build the system, as well as the cars to carry its passengers. It is our best professional judgment as transit managers that no less than 100 cars are needed if we are to operate these five new lines within our current service standards.

Given the revenue operating dates for the new lines and the long lead time to procure new rail cars, we issued the Invitation For Bids for the rail car procurement in September 1988, and are scheduled to open the bids on March 22, 1989. We have made every effort to develop solid technical specifications and contract terms that provide us with the greatest opportunity to achieve competition in this procurement.

Congress appropriated $17.3 million in fiscal year 1988 for the purchase of 18 rail cars, and $52 million in fiscal year 1989 for an additional 50 cars, totaling $69.3 million for the Federal share of 68 cars. We continue to work with the Administration to secure the release of these prior year funds. Included in our request for $193.1 million is $31.2 million in fiscal year 1990 funds, available in Stark-Harris, in order to complete the 100 car purchase.

The need for new rail cars is compelling. As new segments of the rail system have opened, there has been a dramatic increase in ridership above the levels previously projected. Ridership growth over the past 2 years, during which time we have not had any new rail segment openings, has averaged between 7 and 10 percent per year. Our estimate of the 100 rail car requirement is based on a more conservative assumed ridership growth rate of 3.8 percent.

Prudent management dictates that WMATA be prepared to accommodate a greater ridership growth rate than the conservative estimate used. Ridership growth is expected to continue as we open new lines, development expands near Metrorail stations, and parking is expanded throughout the system. The Authority is working cooperatively with the local governments in the region to add parking facilities at several current Metrorail stations. Additional parking is also slated to become available as new segments of the rail system open. Consequently, our procurement has been structured with an option to buy 40 cars beyond the 100 in the base solicitation. This would bring the total number of cars in the rail fleet to 804.

The current procurement schedule would allow us to meet the expanding ridership demand of the current operating system, as well as to accommodate the new riders which will come from the five line openings scheduled between now and 1993, while maintaining quality approaching current Metrorail service. Our experience shows that our passengers expect high quality service. We must maintain our service standards in order to continue to see ridership growth.

In addition to funds for the rail car purchase, we estimate that $22.5 million in fiscal year 1990 Federal funds will be required to cover outstanding construction claims. The fiscal year 1989 appropriation was insufficient to pay for already incurred construction claims associated with 89.5 miles of the system.

Finally, project management, start-up, and other construction costs to complete 89.5 miles of the system will require $139.4 million. The Full Funding Agreement requires that the Authority ensure that "the [rail construction] Project is built on schedule and within budget." It further requires that our management program provide, "at a minimum, organizational structure, management skills, and staffing levels required throughout the final design and construction phases." The project management funds in our fiscal year 1990 request are essential if we are to fulfill all the requirements of the Full Funding Agreement, including sustaining through completion of construction the high standard of project management that has distinguished this project from the onset. These funds will enable us to retain highly experienced engineering and other technical staff that have been with the construction program over many years. The availability of these funds will allow the Authority to maintain continuity in the construction program, continue our long range planning efforts, and accelerate construction by taking advantage of technological advances when possible, thus potentially realizing cost savings.

FY 1990 OPERATING BUDGET

The proposed fiscal year 1990 Operating Budget for the Authority is $576.2 million, $37.2 million more than the fiscal year 1989 revised budget, Of this increase, $33.5 million or 90 percent is directly attributed to non-discretionary or inflation-related costs. This budget continues to emphasize safety, service reliability, and vigorous cost containment efforts, as well as providing enhanced service levels to encourage ridership growth. To offset our cost increases, I have proposed a fare increase to generate $10.0 million of revenue. The fiscal year 1990 Operating Budget is currently under review by our Board of Directors.

COMPLETION OF 103 MILE SYSTEM

Beyond the 89.5 miles in operation or under construction, there remain 13.5 miles to complete the 103 mile Adopted Regional System. In order to ensure that the Metrorail system operates at maximum efficiency, while minimizing operating costs, we must move expeditiously to complete the last 13.5 miles to facilitate movement to jobs, hospitals, schools and other important destinations throughout the region. A very large portion of home to work trips on Metro are taken by Federal and other government employees.

Included in the remaining 13.5 miles are:

- The final portion of the long-delayed Inner Green Line, which will serve the most transit dependent population of the region.
- The southern leg of the Green Line from the Anacostia Station in Southeast Washington to Branch Avenue near the Beltway, providing a vital intercept for traffic in rapidly developing southern Prince Georges County.

- The Red Line from Wheaton to Glenmont providing access to a service and inspection yard that will help enhance reliability and reduce operating costs.
- The Yellow Line from Van Dorn to Franconia/Springfield where parking facilities and highway intercepts will draw traffic from I-95 and I-395, increasing capacity and reducing traffic in that over-burdened corridor.

CONCLUSION

In conclusion, we have put together a responsible fiscal year 1990 program that will complete 89.5 miles of the 103 mile system within the available Stark-Harris funds. We critically need our fiscal year 1990 funds in order to manage our construction program effectively, and to move forward with the very necessary procurement of 100 new rail cars we began last September. These cars are essential for us to bring our new rail lines and still maintain service levels approaching our current operating standard.

We have 70 miles in operation, 19.5 miles coming into revenue service between 1990 and 1993, and 13.5 miles to be funded to complete the remainder of the full system. The Federal/regional commitment to constructing a transit system worthy of our nation's capital has endured for three decades. In keeping with the unique Federal/regional partnership that has been the key to Metro's success, we will continue to work with Congress and the Administration to fund completion of the 103 mile system. We hope that you, Mr. Chairman, and the Members of this Committee, based on your understanding of our commitment to provide quality transportation for the nation's capital will support our fiscal year 1990 request and completion of the system.

Once again, I greatly appreciate the opportunity to testify today on our fiscal year 1990 construction program and would be pleased to answer any questions you may have.

FUNDS FOR CONSTRUCTION BEYOND 89.5 MILES

Senator LAUTENBERG. I am pleased to see the system has been recognized nationally. That is an outstanding accomplishment. Those occasions that I have had to use it are always very pleasant ones.

We would like to see the system continue to upgrade and operate as well as we can. You heard the debate before, about Federal funds, and I wanted to ask, to be sure that there is no misunderstanding about the request for $193 million?

Ms. TURNER. That is correct.

Senator LAUTENBERG. How much of those funds are applied to the mileage beyond 89.5 miles?

Ms. TURNER. Our request for $193.1 million does not include any funds for construction beyond the 89.5 miles. This appropriation will allow us to bring the 89.5-mile system into revenue service within the Stark-Harris authorization.

Last year, we did ask for some money for design work on segments beyond 89.5 miles.

Senator LAUTENBERG. I wanted to ask Mr. DelliBovi, since he has an active interest in this, what is the difference between the administration's proposal for 42 million dollars' worth of funding and the $193 million that we have here in front of us, from WMATA?

UMTA POSITION

Mr. DELLIBOVI. The basic difference, Senator, is that our budget request of $42 million is designed, and it is more than enough, as I think Ms. Turner will agree, to complete the last 20 miles of this 89.5-mile system, and may even leave a balance.

That is what $42 million buys. WMATA is seeking not only the $42 million, but also an additional $31.2 million, as I understand it, for more railcars, and some other moneys which will be used for planning and development of the 103-mile system—that additional 14 miles.

Senator LAUTENBERG. Ms. Turner, obviously we want your comments. Is it the case that is being made here now somewhat—you did say that no construction money would be used for the additional mileage, but some of the project management costs, startup cost, and others, are directed toward the expansion to the full plan that the WMATA developed?

WMATA REBUTTAL

Ms. TURNER. Let me address that.

Mr. DelliBovi and I always disagree on these points. I think that it is important to stress the point that the funds that I am requesting are for the completion of the 89.5-mile system. These are the funds that we need, not only to build 89.5 miles of the system, but to bring the system into revenue service, and to purchase the additional cars to serve 89.5 miles of the system.

We are not talking about funding in this request for work beyond the 89.5-mile system. We are asking for funds to purchase an additional 32 railcars to serve ridership associated with 89.5 miles of the system.

I mentioned the construction claims. We are asking for funding to cover construction claims.

In addition to that, the project management costs that we are referring to are the costs associated with the ongoing construction program. These funds will enable us to bring into revenue service by 1993 all of the lines that are now under construction.

Management of the construction program is performed as long as construction is underway. Each year until we bring those lines into revenue service, we have to have funding for project management, as well as funding for startup, and for current and future construction claims.

Those are the kinds of things that are included in this fiscal year 1990 request. We are not requesting funds to carry on construction beyond the 89.5-mile system.

Mr. DELLIBOVI. Senator, if I may add to that, however, those funds are not needed. It is our belief, in the fiscal year for which we are discussing the budget, they could be provided in additional outyears, because those are the years when the expenses are going to be incurred, and when the invoices are going to be paid. So there is no need to grant budget authority now for outlays that are not anticipated until years down the road.

Ms. TURNER. We have pointed out that we signed a full-funding agreement to build 89.5 miles and to bring it into revenue service, within the Stark-Harris authorization.

We believe that if our fiscal year 1990 request is funded, we can function more efficiently. We may be able to accelerate our construction. We may even be able to generate some cost savings.

We are very, very concerned about our ability to procure the necessary cars, and to retain a very high quality construction work force.

Senator LAUTENBERG. Ms. Turner, in fairness, though, you know that we are up against—there is a very severe shortage of funds for transportation projects, and if moneys are being discussed now that are not needed until sometimes after the fiscal year that is under discussion, we are going to have a really tough time. I can tell you that. There are other communities, as you know, with desperate needs for assistance.

It is reflected in the request that we have, and the amount of funding that has been proposed by this administration. Now, you know that I am not going to take their proposal without quite a struggle here, and we do not think that we are going to have to adhere to their marks.

But any money that is needed beyond fiscal year 1990, I would urge you not to request at this point.

I know that there is going to be a difference of interpretation about what constitutes the extension of the system beyond 89.5 miles, and the full system. By the way, what are the cost estimates on the remainder, beyond 89.5 miles?

NEW AUTHORIZATION

Ms. TURNER. The last 13.5 miles of construction? Our estimate is $2.7 billion in total costs, including the Federal and local shares, for the last 13.5 miles.

Senator LAUTENBERG. So we would have to get authorization. We are talking about 13 miles.

That is quite a cost per mile for construction, not that it surprises us, but we will have to work on that at the appropriate time. That is quite a target.

The initial system, I guess, the Stark-Harris authorization, was $1.7—is that what it was?

Ms. TURNER. Yes.

Senator LAUTENBERG. And if the $193 million came into place, what would the total have been for all of the work done on the 89.5 miles?

Mr. DELLIBOVI. Senator, our records show that it would be about $7 billion, probably making it the largest public works project in the history of this country.

Senator LAUTENBERG. That is with the extra miles?

Mr. DELLIBOVI. No; the 89.5 miles is about $7 billion—billion, with a "B."

Senator LAUTENBERG. In the Stark-Harris authorization?

Mr. DELLIBOVI. That is including Stark-Harris.

Ms. TURNER. We always have a difference in numbers, but as I look at the Federal contribution, it is approximately $5 billion. In addition, there is the local share.

Senator LAUTENBERG. Of how much?

Ms. TURNER. The local match is $1 billion. Including bonds and investments, that would bring the total to $7.1 billion. I would like to say a word about Metrorail construction costs. I think that you have to look at Metrorail's construction costs in the context of time. This is a project that over time has been stretched out, and for good reason.

Initially, we thought that this system would be built in 10 years. Had it been funded and completed in 10 years, it would have cost a lot less.

Now, we find ourselves, because of a number of external factors, certainly things that we cannot control, with a construction program that has been stretched out over some 20 years to date.

We put together the Stark-Harris authorization with an appropriations plan supporting it that was much higher than the actual appropriations.

We recognize that there are other systems that compete for transportation dollars. We also understand that that is why Metro's appropriations have come in lower than the authorization.

But when we receive lower appropriations, the construction is stretched out, and for many reasons the cost goes up.

We can document those costs if you wish. It is a fact that this is a major public works project that is 22 or 23 years old.

TOTAL SYSTEM COSTS

Mr. **DelliBovi**. Senator, I would just like to explain the difference between our estimates—the dollar amount is due to the interest on the bonds.

As you are aware, the Federal Government is paying the debt service on bonds that were issued in connection with this project.

We believe at UMTA that that $2.6 billion that has been in the debt service category should be added to the total amounts, since it came out of the Federal treasury.

The numbers are very simply this. The total for construction of the 89.5-mile system was $10.5 billion—$7.7 billion of that was Federal money, and $2.8 billion of it was local money.

The difference between Ms. Turner's $5 billion figure and mine lies solely in the interest, but the interest has to come from the Federal Government, and that comes from the same taxpayers as the rest of the grants—the direct grants, and I do not think that you can separate them or hide them.

Senator **Lautenberg**. Thank you.

I want to just ask a couple more questions, and then turn to Senator Mikulski.

Ms. Turner, does the March 22 railcar bid cover all 100 cars?

Ms. **Turner**. The Invitation for Bid that we have issued covers 100 cars. It contains an option to provide an additional 40 cars, if funding is available.

Permit me to speak to that—the 100 cars that we estimate are needed for the 89.5-mile system. These cars will serve continuing ridership growth associated with our current system and as well as ridership growth that we expect as we bring five new lines into revenue service over the next 4 years.

In addition to that, we are involved in a major parking program to build parking structures throughout the region. The availability of increased parking will also increase ridership requiring another 40 cars. Our bid is for 100 cars plus an option for an additional 40 cars.

Senator **Lautenberg**. Well, then, 100 additional cars are covered by the full funding?

Ms. TURNER. That is correct.

Senator LAUTENBERG. So you are asking for $22.5 million for construction claims? You stated that the fiscal year 1989 appropriations were insufficient to pay the already incurred construction claims.

Of that $22.5 million requested, how much is for already incurred claims?

Ms. TURNER. Let me just run through the numbers for you.

In 1989, we requested $221.7 million, including $29.4 million for construction claims. We received a fiscal year 1989 appropriation of $168 million, We programmed $6.9 million of that amount into our construction claim reserve.

That brought the balance of this reserve up to $31.2 million.

Currently, we estimate outstanding claims in the amount of some $50.4 million. This leaves $19.2 million of currently outstanding claims unfunded.

Thus, the fiscal year 1990 request includes $19.2 million for currently outstanding claims, plus $3.3 million to cover future claims, which would bring the total to $22.5 million.

Senator LAUTENBERG. Thank you very much.

Ms. TURNER. Senator, could I just make one other comment?

I do not want to spend the afternoon debating the numbers back and forth with Mr. DelliBovi. I do not agree with his numbers.

But I would like to submit for the record the information associated with the bonds.

FULL-FUNDING AGREEMENT

Senator LAUTENBERG. We invite each of you to submit your analysis of that.

Mr. DELLIBOVI. Thank you, Senator.

I would also like to observe that the full-funding contract does not specify the number of cars or the dollar limit, and in any event, that contract would have to be amended to provide for either 18 or 60 or 100 cars.

That would require an amendment to the full funding contract.

Ms. TURNER. We thoroughly disagree with that.

Senator LAUTENBERG. We invite you to submit your analyses for the record.

[The information follows:]

WASHINGTON METRO FUNDING SUMMARY

			(In millions of dollars)		
			LOCAL	FEDERAL	TOTAL
FUNDS APPROPRIATED					
Direct Appropriations (1/3-2/3's)			$573.5	$1,147.0	$1,720.5
Mid-City Line add-on (100% DC)			3.0	0.0	3.0
Add-ons (100% local)			12.9	0.0	12.9
Elderly and Handicapped Facilities (20%-80%)			13.0	52.0	65.0
Arlington Cemetery Station (100% Federal)			0.0	7.4	7.4
Federal-Aid Urban Systems (10%-90%)			3.2	28.5	31.7
Interstate Transfer Grants - Transit			453.8	2,155.8	2,609.6
Stark-Harris (20%-80%)	(Local)	(Federal)			
FY 1983	60.0	$240.0			
FY 1984	62.5	250.0			
FY 1985	62.5	250.0			
FY 1986	54.0	216.2			
FY 1986 PMD (100% Fed)	0.0	1.1			
FY 1987	50.0	200.1			
FY 1987 PMD (100% Fed)	0.0	1.0			
FY 1988	44.9	179.6			
FY 1988 PMD (100% Fed)	0.0	0.9			
FY 1989	41.8	167.2			
FY 1989 PMD (100% Fed)	0.0	0.8			
Subtotal, Stark-Harris			375.7	1,506.8	1,882.5
Matching Bond Sales			48.5	0.0	48.5
SUBTOTAL - FUNDS APPROPRIATED TO DATE (FY89)			1,483.6	4,897.5	6,381.1
BOND OBLIGATIONS (FY 1979 - 2014)					
Interest Payments on Bonds (1/3-2/3)			982.7	1,965.4	2,948.1
Principal Payments on Bonds (1/3-2/3)			332.4	664.7	997.1
SUBTOTAL - BOND OBLIGATIONS			1,315.1	2,630.1	3,945.2
REMAINING STARK-HARRIS AUTHORIZATION					
Available for future appropriations			48.1	193.2	241.3
Construction/Start-up/Mgmt.			(48.1)	(192.2)	(240.3)
PMD			(0.0)	(1.0)	(1.0)
TOTAL COST FOR 89.5 MILE SYSTEM			2,846.8	7,720.8	10,567.6
ADDITIONAL FUNDS NEEDED TO COMPLETE 103 MILE SYSTEM (25%-75%)			675.0	2,025.0	2,700.0
GRAND TOTAL			$3,521.8	$9,745.8	$13,267.6

Financial Sources for Metrorail Construction
(Dollars in Millions)

	Federal	Local	Bonds/Other[1]	Total
Direct Appropriations	1,206	503	100	1,809
Bonds	0	49	764	813
Interstate Transfers[2]	2,156	258	196	2,610
Stark-Harris	1,507	236	139	1,882
Total	4,869[3]	1,046	1,199	7,114

[1] Includes investment proceeds from local shares advanced by local governments

[2] Interstate transfer grants were made in lieu of funding which was slated to be used for construction of urban interstate highways, largely in the District of Columbia. The governments of the region made a conscious decision to forgo highway construction and instead to devote these funds to construction of the transit system. The Washington metropolitan area has transferred more money from highway to transit construction than any other area of the country.

[3] Does not include the federal contribution to bond interest payments to date of $665 million.

The purpose of the Full Funding Agreement was to provide a framework to govern the remaining funds available under Public Law 96-184 and the construction of up to 89.5 miles of the Metrorail system. Although attachments to the Full Funding Agreement contained estimates of the cost of the various activities, including rail car purchases, the agreement itself does not restrict, nor did the parties intend to restrict, disbursements to the stated amounts. Both through practice and under the terms of the agreement (particularly Article 22), it is clear that up to the full Stark-Harris authorization, as required, would become available in the amount necessary for construction and operation of 89.5 miles of the system. Under the Full Funding Agreement, funds for various activities may be transferred to other items within 89.5 miles of the system. Transfers of funds between activities can occur without amending the Full Funding Agreement.

Ms. **Turner**. I must say that you cannot have an operable segment if you do not have cars. It is inconceivable to me that the full-funding agreement dealt purely with the bricks and mortar.

I do not know what an operating segment means if it does not mean bricks and mortar and rolling stock. I cannot imagine that we would have to amend the full-funding agreement to buy the cars to bring those lines under construction into revenue service.

Senator **Lautenberg**. Well, I am not going to render a decision on this.

What we will do is have our respective staffs get together and make sure that there is an understanding that there can only be one conclusion.

So, we thank you very much, and I'll ask Senator Mikulski now for any questions that she may have.

NEW AUTHORIZATION

Senator **Mikulski**. Thank you, Senator Lautenberg.

Actually, we have covered this very well and very thoroughly, and the exchange between Ms. Turner and Mr. DelliBovi here has really helped.

First, Governor Schaefer asked me to thank you personally for him for the help that he has been seeking to form the Metro system. He is most appreciative with your cooperation, Mr. DelliBovi.

These are tough times, and we have tough choices, but I want to be clear that from my conversations with Ms. Turner that essentially we are talking about her request or dollar figure related to the 89.5-mile funding.

The Senator is right—this other 13 miles will be the subject of an authorization, and we are not going to appropriate money for something that is not authorized.

It is the intent of the Maryland and Virginia delegation to introduce legislation requesting an authorization for the remaining 13 miles. I believe that we will be introducing it sometime before the Easter/Passover break.

Then, the Senate and the House will work their wills, whether they want to do the 13 miles, and then whether we will do the funding. But that is not what we are talking about in fiscal year 1990.

We are talking about completing the 89.5 miles, and I feel fairly comfortable in my conversations with you, and also the Maryland Department of Transportation, that this is what we are talking about.

Now, there is a sharp difference, though, between a request for $193.2 million—I just have a few questions.

Will the funding below the requested level merely affect the continuity of the Metro construction? This is what I know you talked about momentarily.

FISCAL YEAR 1990 REQUEST

Ms. **Turner**. That is correct.

I believe that I have to put the best case forward. Our appropriation request will enable us, in our best professional judgment, to bring 89.5 miles of the system into revenue service. We hope to complete it under budget, if we are given sufficient flexibility to manage the project in the most cost-efficient manner. That is what drives our request.

Senator **Mikulski**. Will the 100 cars then be sufficient to accommodate your growing ridership? Is this then going to be it?

Ms. **Turner**. The 100 cars will be sufficient to meet the needs of the 89.5-mile system.

We will need an additional 40 cars to accommodate any increased ridership resulting from our expanded parking program. We are very pleased about the parking.

Part of that parking is being built with UMTA's suburban mobility grants. However, expanded parking does result in increased ridership.

Senator **Mikulski**. But you are not stockpiling your cars? Is this 100 cars for the 89.5? This is not 100 cars that you could then use?

Ms. **Turner**. Absolutely not.

Senator **Mikulski**. You see, there is a question of whether this is a Sneaky Pete way to get yourselves ready for the other 13 miles.

Ms. **Turner**. Absolutely not. We know how many additional cars beyond the railcar purchase that is currently underway needed once we complete the remaining 13 miles of the 103-mile system.

We are not getting our nose under the tent by attempting to purchase cars to serve ridership associated with the 103-mile system by buying these 100 additional railcars.

If you ride the Vienna line, if you ride the Shady Grove line, you will experience crowding today on those lines.

Senator **Mikulski**. Well, we do get those calls.

This, then, is my last question.

What steps are being taken to provide additional parking, because this seems to be a big problem?

Ms. **Turner**. Just let me say that we have almost 22,000 parking spaces that are current operating system. As a part of the construction of the 89.5-mile system, we have another 8,500. As part of the expansion in parking that we are conducting jointly with the local jurisdictions, we have another 8,100.

We will have a total of 38,500 parking spaces for 89.5 miles of the system. When we complete the full 103-mile system we will have 49,000 parking spaces.

Senator **Mikulski**. Well, Ms. Turner, first, I do not want the hearing to come to an end without thanking you for the job that you are doing, and the management, and getting people to work on time, and many of these other things.

But really, my relationship with this subcommittee depends on the fact that this appropriations request, as we discuss it, is truly based on the fact that we are talking only about 89.5 miles, and that there is no attempt to get the nose under the tent.

I am not questioning you in any way, Mr. DelliBovi, but when we look at the Metro fiscal year 1990 request, we see that $31 million will go for 32 cars.

We have got the $22.5 in construction claim obligations, and then we get down to this big ticket called $139.4 for project management. You covered that, and then there is something called startup cost, and then there is something called other.

Well, if I know Senator Lautenberg, and Senator Domenici, and even this Senator, we are going to want that spelled out.

This really will have to go in the record, because we talked with the other Senators, and this subcommittee and this particular chairman has been more than generous in meeting our appropriations request, we have got to make sure that we know what we are buying, and whether it is worth it to the Federal Government.

I cannot talk to Senator Lautenberg on a category called other.

Ms. TURNER. We certainly can define what other means.

I think that the question, however, is whether or not you are prepared to fund the project management cost for the life of this contract, or whether you believe that project management for 1990 is the appropriate thing to do.

We believe that in the long run, we may be able to save money if we have the flexibility to move the construction program forward. We have taken these concerns into consideration. We must be cognizant of these considerations as we compete with other systems for funding.

But let me reassure you that we are not asking for funding for any activities beyond 89.5 miles of the system. We were very forthright last year in requesting a small amount for design work on segments beyond 89.5 miles of the system.

Senator MIKULSKI. Well, thank you, Ms. Turner, and I think that the information that I have asked for, hopefully, will enable us, as well as what Senator Lautenberg has asked—to have a conversation and real thought on this.

It is tough, and it is going to be a tough year.

Senator LAUTENBERG. Before Senator Mikulski leaves the table, this is a skilled and artful U.S. Senator that sits here as my colleague.

What she has done is to set the parameter, by her questions, between $42 and $193 million.

Senator Mikulski, we may have to talk about some things other than other before this is finished.

I do want to call on Mr. DelliBovi before we conclude.

Thank you very much, Senator Mikulski.

Senator MIKULSKI. I understand that.

Senator LAUTENBERG. I have seen Mississippi riverboat gamblers before, and they do not all come from Mississippi.

Did you want to respond?

UMTA POSITION ON NEED

Mr. DELLIBOVI. I just want to make two quick observations.

I think that the committee needs to focus on budget authority, and when it is needed, we will submit for you what our best judgment is of when Washington Metro needs the budget authority to finish the system that we all agree needs to be finished.

On the car issue, the issue comes down very simply to this, Senators. That is not how many cars they need to operate the system at all. They can operate it with the cars they already have.

The question is for the additional riders, how long somebody has to stand, and what is a crowded car, and I would urge the committee to look very closely at the standards of crowding that WMATA has.

I am not going to impose the New York City standard. I am not even going to tell them that they have to be as crowded as the Port Authority Trans-Hudson [PATH] trains.

I am just going to say, look at the entire gamut and see how long does somebody have to stand, because that is what the issue really boils down to, and how much square feet of space does each rider have during their ride.

That is what is fueling our division, if you will, on how many cars are needed.

Ms. TURNER. And we are prepared to give you that information.

Senator LAUTENBERG. I have great respect for the job that you and your colleagues have done at WMATA, but there is the question that arises about whether some savings by advancing some funds can offset the crunch that we have with Federal resources, if they can in fact be retained for later distribution. We will have to try to make a judgment on that.

When we talked about the level of participation by the States and Federal Government, and Maryland was held up as a State that really does carry a larger share than most, and of course rights-of-way in many cases are available, which makes a heck of a difference in the way these things cost out—but the exact reverse is true of WMATA, when we look at 80/20 share that is being proposed—in this case, 80 percent Federal and 20 percent local, and so we will have to examine all of those things.

I would ask you to give us your help, Ms. Turner, in paring down as much as possible the request that you make, because if it extends us beyond our capacity to help other systems to do many of the other things that we have to do, we are just not going to be able to give you the support that you need.

And I take no sides in this argument, because again, your accomplishments are almost legendary at this point, and we respect that. But we do have a serious problem on the other side, and we are going to try as much as possible to do the best we can.

Ms. TURNER. I would just like to take one moment. I would not want you to go away thinking that other is an unspecified category. Just let me tell you quickly what some of the things in other category include, such as project management oversight funds, design service for corrosion control, instrumentation work, and caretaking projects that are necessary before a rail line goes into operation. This is a long list of miscellaneous things that add up to the other category. I would certainly not take the Congress' time to spell out in infinite detail.

Senator LAUTENBERG. OK.

PREPARED STATEMENT

Mr. DELLIBOVI. Senator, before we adjourn, I neglected to have my statement submitted for the record. I would appreciate the opportunity to do so.

Senator LAUTENBERG. Absolutely, without any objection.

[The statement follows:]

STATEMENT OF ALFRED A. DELLIBOVI

Mr. Chairman and distinguished members of the subcommittee, I am pleased to appear before you today to discuss our budget proposal for the Washington Metropolitan Area Transit Authority's [WMATA] rail construction program.

As was the case during my appearance before this subcommittee last year, I am pleased to again report that there is agreement between UMTA and WMATA on the level of Federal funding required in Fiscal Year 1990 to continue construction of the Metrorail system. Also, during the past year, we were able to approve the financial plan and Federal funds for construction of the last phase of the 20 additional miles of the system under the terms of the 1986 Full Funding Agreement and Federal commitment to WMATA. This action provides sufficient Federal funds to complete basic construction of the 89.5-mile system, which activity is now well underway and, I am told, close to schedule.

Our FY 1990 budget request of $42 million is more than adequate, as WMATA will agree, to continue providing project management and ancillary activities needed to bring these 20 additional miles of the Metrorail system into revenue operation.

And, based on updated cost estimates and the progress of construction underway, we and WMATA are confident that the 89.5-mile system can be completed within the funds available under the Stark-Harris authorization and, possibly, with a balance remaining. Since there remains to be let some $476 million of already funded construction contracts that when put to bid could result in an even higher remaining balance, it is our belief that it is simply too early to request appropriation of any estimated, and uncertain, balance.

WMATA is requesting, this fiscal year, the entire $193 million remaining under the Stark-Harris authorization. However, our budget request adequately provides for necessary construction project management and ancillary activities in Fiscal Year 1990. The balance of these construction related activities can easily be funded in Fiscal Years 1991 through 1993 at an average annual appropriation level of $36 million. Also, we are confident that WMATA's need for rail cars can be accommodated with available budget authority and does not require any additional appropriation in Fiscal Year 1990 for this purpose.

Thus, you will note, WMATA is asking for $108 million in appropriations this year to fund project management and related activities which will not be undertaken until 1991, 1992 and 1993. In addition to this advance funding, which we feel is not necessary, WMATA is seeking $85 million in additional Federal funds for more rail cars, more than the Congress appropriated for this purpose in Fiscal Years 1988 and 1989, project management in 1990, and engineering funds for the remainder of the 103-mile system.

We have abided by the terms of our Full Funding Agreement with WMATA and have committed, and remain committed, to annual appropriation levels sufficient to complete the Federally authorized 89.5-mile system within the funds available under the Stark-Harris authorization.

However, the Administration restates its opposition to any further special Federal funding authorizations to build more of what already is the most expensive mass transit system in the United States. We continue to urge WMATA and the local jurisdictions to develop a realistic financial plan to complete construction of the Metrorail system through increased private and non-Federal public financing in combination with available Federal funds for national transit programs. Any funding for additional WMATA segments should be based on a demonstration that the benefits clearly out weigh the costs. The economy, and wealth, of the Washington metropolitan area certainly proves that the Metrorail system does not require the favored status resulting from additional special authorizations.

Mr. Chairman, this concludes my prepared statement. I would be pleased to respond to questions.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

ADMINISTRATION PROPOSAL VS. REQUEST

SENATOR LAUTENBERG: What difference exists, if any, between Washington Metro and UMTA on the cost to complete the 89.5 miles?

ANSWER: There is full agreement between WMATA and UMTA on the cost to complete the 89.5 miles.

SENATOR LAUTENBERG: Has the Administration ever suggested that the full Stark-Harris authorization not be made available?

ANSWER: We have had a good working relationship with UMATA over the past few years. We also greatly appreciate the support from Congress that we have received, even when a few years ago the Administration requested no funding for Metro. At this time we are in full agreement with UMTA on the cost estimates for completing 89.5 miles of the system and are looking forward to continuing to work cooperatively with the Administration.

SENATOR LAUTENBERG: What is the status of the efforts to authorize funding for construction beyond the 89.5 miles?

ANSWER: We anticipate that on March 16, 1989 identical bills will be introduced in the House and Senate to reauthorize the Stark-Harris Act (P.L. 96 - 184).

SENATOR LAUTENBERG: What costs (and for what activities) have you already incurred for work beyond the 89.5 miles? (And used Stark-Harris funds?)

ANSWER: No Stark-Harris funds have been used to finance any activities on lines beyond 89.5 miles of the system.

CAR PURCHASES

SENATOR LAUTENBERG: When does WMATA expect to obligate funding for the additional cars?

ANSWER: WMATA will obligate funds for the cars as follows (based on a March 23, 1989 bid opening date):

- o July 1, 1989: Obligate funds for 68 cars
- o No later than October 1, 1990: Obligate funds for 32 cars

SENATOR LAUTENBERG: When will WMATA actually outlay (spend) funds for the cars?

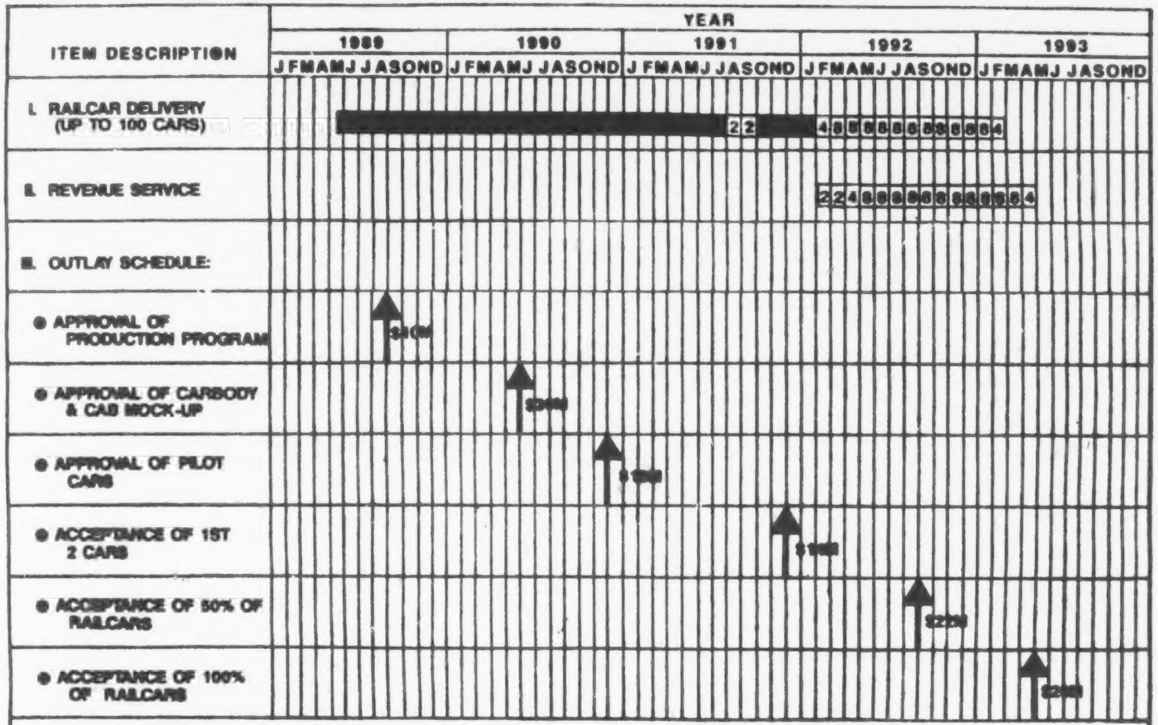
ANSWER: The information follows.

SENATOR LAUTENBERG: Provide a car receipt schedule, revenue service schedule and a schedule of outlays for the cars.

ANSWER: The information follows.

metro

RAILCAR DELIVERY, REVENUE SERVICE & OUTLAY SCHEDULE



NOTE: OUTLAY SCHEDULE IS FEDERAL PORTION ONLY (80%). FEDERAL FUNDS USED ARE APPROVED FY 88, FY 89, PROPOSED FY 90 FUNDS, AND PRIOR YEAR APPROPRIATIONS REPROGRAMMED FOR RAILCARS.

MARCH 30, 1989

WMATA/PROG

CONSTRUCTION CLAIM OBLIGATIONS

SENATOR LAUTENBERG: What are construction claims?

ANSWER: Construction claims are the results of unsettled disputes between the owner and the contractor. These disputes are generally resolved by one or several actions listed below:

- o Negotiated settlement between owner and contractor.
- o Settlement by arbitrator or panel of arbitrators.
- o Litigation before a judge.

The settlement of such disputes can result in a modification to the original contract.

Examples of typical claims in mass transit construction are listed below:

- o Access Delay
- o Differing Site Condition
- o Defective Specification
- o Deletion of Contract Scope
- o Third Party Claims
  - -- Personal Injury
  - -- Property Damage

SENATOR LAUTENBERG: What other construction claims do you anticipate? When will these anticipated claims occur?

ANSWER: Our FY 1989 appropriation request of $221.7 million included $29.4 million (in Federal funds) for construction claims. Based on the actual FY 1989 appropriation of $168 million, we programmed $6.9 million into our construction claims reserve, bringing the balance in this reserve up to $31.2 million.

Currently, the estimated settlement of outstanding claims is $50.4 million. This leaves $19.2 million of currently outstanding claims unfunded. Thus, the Authority's FY 1990 request includes $19.2 million for currently outstanding claims, plus $3.3 million to cover future cliams, for a total of $22.5 million.

The claims may occur any time between now and completion of construction contracts.

SENATOR LAUTENBERG: Are incurred construction claims usually paid immediately.

ANSWER: Yes.

SENATOR LAUTENBERG: Does any of the $22.5 million requested cover construction claims beyond 89.5 miles? (If so, please describe.)

ANSWER: No, it does not.

OTHER COSTS

SENATOR LAUTENBERG: The bulk of the funding requested in fiscal year 1990 is for "other costs" ($139.4 million of $193.1 million). What are the costs associated with project management, start-up, and "other"?

ANSWER: Project Management includes the staff managing the rail construction program. Their activities encompass all functions such as engineering, construction and program management necessary to design, build and complete the 89.5 miles.

Start-up includes all activities necessary to thoroughly test and protect all equipment systems, rail lines and stations before a segment is opened for public service. "Other" includes an estimate for federal oversight, design services for corrosion control and instrumentation, and minor caretaking projects that are necessary before a segment goes into operation.

SENATOR LAUTENBERG: When will these costs actually be incurred? (Provide a schedule for each type of cost.)
ANSWER: The information follows.

(Federal Dollars In Millions)

	FEDERAL FISCAL YEARS (10/1 - 9/30)				
Budget Items	1990	1991	1992	1993	Total
Project Management	$32.0	$28.0	$24.0	$20.0	$104.0
System Start-up & Testing	5.4	6.4	3.6	7.6	23.0
Work Equipment	1.6	-	-	-	1.6
Other Construction	3.2	3.2	2.4	2.0	10.8
TOTAL	$42.2	$37.6	$30.0	$29.6	$139.4

SENATOR LAUTENBERG: Why do you need out-year project management money in 1990 if construction could take another four years (late 1993 for Fort Totten to Greenbelt)?
ANSWER: In order to complete construction of the full 103 mile system, it is very important for us to retain the talents and capabilities of our experienced and highly professional design, engineering, and construction staff. As we approach the end of construction of the 89.5 miles covered under the Full Funding Agreement, these persons may begin to look for other employment. Appropriation of the $139.4 million will allow us to keep this staff intact and working on completion of the system now under construction while we seek funding for the final 13.5 miles. Furthermore, by having all funds in place at the present time, we may be able to accelerate some of the work covered under the Full Funding Agreement, thereby saving money and moving up the revenue service dates of this portion of the system.

SENATOR LAUTENBERG: Why provide start-up costs in fiscal year 1990 for a late 1993 start-up?
ANSWER: Start-up includes all activities necessary to thoroughly test and protect all equipment systems, rail lines and stations before a segment is opened for public service. This also includes testing new rail cars. Beginning in July 1990 and continuing through late 1993, start-up activities will commence on the 19.5 miles being built under the Full Funding Agreement. We will also be testing new rail cars which we expect to be receiving in 1991, 1992 and 1993.

SENATOR LAUTENBERG: Define what the "other costs" are.
ANSWER: "Other costs" is a terminology we use for work items that are relatively small compared to the magnitude of the main budget items in rail construction program. "Other

costs" includes an estimate for federal oversight, design services for corrosion control and instrumentation, and minor caretaking projects that are necessary before a segment goes into operation.

SENATOR LAUTENBERG: On what activities, and on what lines are costs being incurred for segments beyond 89.5 miles?

ANSWER: No federal funds are being used for work beyond 89.5 miles.

SENATOR LAUTENBERG: How much of the request is for covering "cost disputes" with contractors? Are these "extraordinary costs" covered by the full funding agreement?

ANSWER: The other cost category listed in our 1990 request does not include "cost disputes" with contractors. The breakdown of "other cost" is listed in response to a previous question.

The provision of "extraordinary cost" is not included in our full funding agreement. "Cost disputes" are fully covered under construction claims. These are not "extraordinary costs."

SENATOR LAUTENBERG: Is the Federal government obliged to cover these "cost disputes"? If so, why?

ANSWER: Cost disputes are part of the cost of any construction project. These disputes are normally settled during negotiation with the contractor and, if that fails, by arbitrators or litigation. The Federal Government has always participated in these construction costs.

FEDERAL FUNDS

SENATOR LAUTENBERG: How much is WMATA receiving in Federal operating assistance this fiscal year?

ANSWER: WMATA's share of Federal Section 9 funds for operating assistance will be $16,220,000 in FY 1989.

SENATOR LAUTENBERG: What percent of WMATA's operating costs does this subsidize?

ANSWER: This will fund 3.25 percent of the Authority's operating costs.

SENATOR LAUTENBERG: The Administration is proposing the elimination of Federal operating assistance for cities over 200,000 population. What would this do to WMATA?

ANSWER: The Authority would be required to consider three alternative solutions or a combination of alternatives: reduce service, increase fares, or increase State and local subsidies.

SENATOR LAUTENBERG: How would WMATA react to such a cut?

ANSWER: During the Board's annual budget development, these options would have to be considered for implementation.

SENATOR LAUTENBERG: What size fare increase would be necessary to cover the loss of Federal operating assistance?

ANSWER: Federal operating assistance for FY 1990 is estimated at $16.2 million. The loss of these funds would require a fare increase of approximately 9.3 percent for both Metrobus and Metrorail.

SENATOR LAUTENBERG: The proposed FY 1990 Metro operating budget includes a $10 million fare increase. What percent of WMATA's operating costs does this cover?

ANSWER: The $10 million fare increase budgeted for FY 1990 will cover 1.9 percent of WMATA's operating costs.

SENATOR LAUTENBERG: What do you anticipate the effect would be on ridership if this increase is approved by the Board? What is the status of that proposal?

ANSWER: Overall, a fare increase of about 6 percent will be needed to generate the $10 million included in the General Manager's FY 1990 proposed budget. Based on past experience, it is estimated that the Authority would incur a loss of about 2 percent of Metrorail and 1.8 percent of Metrobus riders. Presently, the WMATA Board Budget Committee is reviewing the impacts of various fare alternatives. The Committee has been considering fares since mid-January and should reach an agreement shortly on a fare proposal to be considered at public hearings.

OTHER FACTORS

SENATOR LAUTENBERG: Secretary Skinner is proposing that state and local governments do more for transit. Why do you expect that $2.2 billion of the $2.7 billion (80 : 20) in costs associated with the next 13.5 miles would come from the Federal government?

ANSWER: The bills that will be introduced in the Congress on March 16, 1989 to finance completion of the 103 mile Metrorail system are extensions of the existing Stark-Harris authorization, which provides for an 80 percent Federal, 20 percent local matching share ratio. In the twenty years since the Transit Authority was created by the Congress, we have been building a rail system for the nation's capital in partnership with the Federal government, the states of Maryland and Virginia, the District of Columbia and seven local jurisdictions. The legislation that has been introduced provides that the longstanding Federal/regional partnership will continue through completion of the system.

SENATOR LAUTENBERG: Even though the remaining segments are local, you are requesting a much larger Federal match than other "new start" cities. Why?

ANSWER: The Metrorail system under construction in this region is not a new start. For the past twenty years, in partnership with the Federal government and the governmental bodies in this region, the Authority has been constructing a rail system to meet the goals, as set forth by Congress, of providing a transit system worthy of the nation's capital. The jurisdictions in the region have contributed the local share to construction of the system that is operating today in the expectation that their lines would be completed. The local jurisdictions have always met their commitment to fund their share of capital costs, as well as that portion of Metro's operating costs not covered by the farebox, and will continue to do that. Congress has long maintained its steadfast commitment to completion of the Metrorail system. We are wrapping up a project that has been planned for three decades and under construction for over twenty years. There is no rational basis for treating this system as new start when we are close to completing the system and fulfilling the vision of Congress.

SENATOR LAUTENBERG: It was recently reported (Washington Post, February 10) that WMATA, over the next 5 years, will face a $14.5 million shortfall of funding necessary to pay for all cars, buses, and other parts of the system that are wearing out. Where do you intend to get the money?

ANSWER: The shortfall reported in the February 10th Washington Post article referred to the unfunded requirements in th Authority's five-year, Fiscal 1990 through 1994 capital improvement program. The funding required to cover this and any other additional shortfalls which may develop over the five-year program period may come from the following sources:

1. additional contributions from the local governments.
2. funds made available for reprogramming from existing programs as a result of favorable contract bidding on projects.
3. increased Federal Section 9 funds resulting from either an increased Federal appropriation or the receipt of a greater share of the formula-based national distribution of the Section 9 appropriation. WMATA's expanding transportation system provides the basis for a greater pro-rata distribution of the Section 9 appropriation.

QUESTION: For the 5-year capital plan, other than new construction, what do you assume will be the Federal contribution?

ANSWER: The Authority's estimate of the Fiscal Year 1990 through 1994 Section 9 appropriation is $41.9 million per annum. Of this amount $16.2 million is allocated to operating assistance and $25.7 million to capital assistance.

QUESTION: How does this compare with previous years' Federal funding?

ANSWER: The Authority has received an average $48.8 million Federal non-rail construction funds over the five-year period ending in Fiscal Year 1989. Of this amount, an average $17.5 million has been allocated to operating assistance and $31.3 million to capital assistance. This represents an average $1.3 million decrease in operating assistance and $5.6 million decrease in capital improvement funding assistance in our five-year funding projections.

QUESTION SUBMITTED BY SENATOR MIKULSKI

SENATOR MIKULSKI: We're going to complete the 103 mile system. It's a question of equity - getting metro to those who need it. It doesn't make much sense to drag the funding for the 89.5 miles while inflation eats away at the funds, does it? Will the request for $193 allow you to accelerate your construction schedule?

ANSWER: In order to complete construction of the full 103 mile system, it is very important for us to retain the talents and capabilities of our experienced and highly professional design, engineering, and construction staff. As we approach the end of construction of the 89.5 miles covered under the Full Funding Agreement, these persons may begin to look for other employment. Appropriation of the $139.4 million will allow us to keep this staff intact and working on completion of the system now under construction while we seek funding for the final 13.5 miles. Furthermore, by having all funds in place at the present time, we may be able to accelerate some of the work covered under the Full Funding Agreement, thereby saving money and moving up the revenue service dates of this portion of the system.

QUESTION SUBMITTED BY SENATOR DOMENICI

SENATOR DOMENICI: Would you please provide a comparison of the total operating costs recovered by WMATA at the farebox with those of other major urban transit systems?

ANSWER: In the following table, the WMATA fiscal year 1986 cost recovery is compared with the data for major transit systems published by UMTA in the National Urban Mass Transportation Statistics for FY 1986, the most recent year available. Because the UMTA data reported does not reflect a uniform treatment of all costs, the ratios obtained for these transit agencies may not be comparable.

TRANSIT SYSTEM	COST RECOVERY
WMATA, Washington, D.C.	.53
SCRTD, Los Angeles	.41
CTA, Chicago	.50
MBTA, Boston	.32
NJT, New Jersey	.52
NYCTA, New York	.49
SEPTA, Philadelphia	.50
PAT, Pittsburgh	.35
MUNI, San Francisco	.29
Miami	.26
MARTA, Atlanta	.32
MTA, Baltimore	.44

SUBCOMMITTEE RECESS

Senator **Lautenberg**. The subcommittee will adjourn for now, and I would remind everybody that our next hearing date is Tuesday, March 14, at 1 p.m., in room SD-192.

We are going to have a hearing on aviation security, a subject that needs discussion, and we invite those who want to participate to join us.

Thank you very much.

[Whereupon, at 3:10 p.m., Thursday, March 9, the subcommittee was recessed, to reconvene at 1 p.m., Tuesday, March 14.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1990

THURSDAY, MARCH 16, 1989

U.S. SENATE
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS
Washington, DC.

The Subcommittee met at 10:03 a.m. in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, D'Amato, and Grassley.

DEPARTMENT OF TRANSPORTATION

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

STATEMENT OF GEORGE W. TENLEY, JR., CHIEF COUNSEL

ACCOMPANIED BY:

- **ROBIN CALDWELL, DIRECTOR, OFFICE OF AVIATION INFORMATION MANAGEMENT**
- **AL ROBERTS, DIRECTOR, OFFICE OF HAZARDOUS MATERIALS**
- **DICK BEAM, DIRECTOR, OFFICE OF PIPELINE SAFETY**
- **LOU ROBERTS, DIRECTOR, TRANSPORTATION SYSTEMS CENTER**
- **LLOYD MILBURN, DIRECTOR, OFFICE OF EMERGENCY TRANSPORTATION**

OPENING REMARKS

Senator LAUTENBERG. I call the subcommittee hearing to order. This is, as you know, the Subcommittee on Transportation and Related Agencies of the Appropriations Committee.

Today we are going to be discussing programs that we have under the Research and Special Programs Administration, as well as the National Highway Traffic Safety Administration, and their budgets. We are going to start with RSPA. Around here acronyms are always in vogue; sometimes we get them confused, but everyone here knows why we are here. And then we are going to go to NHTSA.

RSPA serves as a research, analytical, and technical development unit of the Department of Transportation. Its particular emphasis is given to transportation of hazardous cargo by all modes of transport and to pipeline safety. Additionally, funding is provided for the Office of Aviation Information Management, the Office of

Emergency Transportation, the Transportation Safety Institute, and the transportation systems units.

For fiscal year 1990, RSPA is requesting $27.4 million. That represents an increase of $3.3 million or 14 percent above the 1989 appropriations to date, and an increase of seven personnel positions.

Significant increases are proposed for the Office of Aviation Information Management, the Office of Hazardous Materials Transportation, and for the Office of Pipeline Safety.

The lead witness this morning for RSPA will be Mr. George Tenley, who is the Chief Counsel. We welcome you, Mr. Tenley, to present your testimony today. I would advise you that your full statement will be accepted for the record and we would ask you to summarize for us when we finish with our colleagues rather than to go through the full detail, and we will go ahead with our questions after that.

Before we have you testify, however, I would like to welcome the ranking member of the subcommittee, my distinguished colleague from the State of New York, Senator D'Amato, and ask him for any opening comments that he would like to offer.

Senator D'Amato.

Senator D'AMATO. Mr. Chairman, let me ask that I be permitted to submit my statement for the record as if read in its entirety in the interest of time. I do have a number of questions, Mr. Chairman, that I will not be able to present myself. I would ask that they also be submitted for the record and ask that those witnesses respond within an appropriate period of time.

Senator LAUTENBERG. Without objection.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I join you in welcoming today's witnesses from the National Highway Traffic Safety Administration (NHTSA) and from the Research and Special Programs Administration (RSPA).

The proposed budget for NHTSA is $235.2 million (5% above current levels). Out of this total, $128.5 million is for Highway Traffic Safety Grants which includes $13.5 million for Alcohol Safety Incentive Grants (23% over current levels). Operations and Research would be funded at $106.7 million—an 8% increase. Drug evaluation and classification training programs would receive $4 million, and a pilot project for drug testing of newly licensed drivers would receive $5 million.

RSPA's total budget request is for $27.4 million, a 14% increase (or $3.3 million). Four additional hazardous materials inspector/enforcement positions have been requested. The Pipeline Safety Program would receive $9.8 million, a 5% increase (or $500,000): State pipeline safety grants would receive $4.5 million of this amount.

I look forward to hearing the details of these budget proposals from our witnesses. Thank you, Mr. Chairman.

AVIATION SAFETY

Senator D'AMATO. Mr. Chairman, you have touched on a number of matters, and let me commend you for the aviation safety hearing which was held 2 days ago, particularly as it relates to terrorist activities. I think it is rather interesting to note that the news today discloses some rather unusual events.

I think this news underscores some of the concerns that you and I and other members of the committee shared as it related to notification and airline safety. There are a number of witnesses here who have at least an indirect responsibility in the area of aviation safety and I am sure they are interested in this matter. There seems to be a contention that in London there was specific information given as it relates to the kind of bomb device that was going to be placed in an airline, again identified with specificity, 2 days before Pan Am 103 blew up.

I am wondering if any of our witnesses have particular expertise in air transportation as it relates to the aviation security information management? What, if anything, their responsibilities may be in this area, and what undertakings they think they might take in connection with this?

Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you very much, Senator. Your comments about terrorism are, unfortunately, very timely because we see terrorism fortunately not affecting loss of life but affecting very serious economic relationships with Chile, almost the destruction of an economy. It just has to continue to alert free-minded, free-willed people around the world about the threat of terrorism and how vigorously we have to fight back.

I commend you for your leadership in setting up a bill that deals with it. We, all of us, are committed to defending aviation and all forms of transportation from terrorist attack, and you have my pledge that we will work together on these things and do the best we can.

Senator Grassley, do you have an opening statement or is there something that we could take for the record?

Senator GRASSLEY. No; would it be possible for me to ask questions so I could go to the floor for the whistleblower bill at about 10:35?

Senator LAUTENBERG. It depends on what side you are on, Senator. [Laughter.]

Yes, of course.

Senator GRASSLEY. I am on your side.

Senator LAUTENBERG. Run right down. We will give you that courtesy.

Senator GRASSLEY. After they make their statements. Thank you.

Senator LAUTENBERG. Absolutely. Mr. Tenley has pledged to make a short statement, I know. Thank you very much.

Mr. Tenley.

STATEMENT OF MR. TENLEY

Mr. TENLEY. Thank you, Mr. Chairman. You gave the numbers, so I will not get into that.

It is an honor to appear here today along with several of my colleagues to present the fiscal year 1990 budget request for the Research and Special Programs Administration. With me today on my far left are Lloyd Milburn, Director of the Office of Emergency Transportation; Lou Roberts, Director of the Transportation Systems Center in Cambridge, MA; Dick Beam, the Director of the Office of Pipeline Safety; Alan Roberts, Director of the Office of Hazardous Materials Transportation; and Robin Caldwell, the Director of the Office of Aviation Information Management.

Mr. Chairman, when Secretary Skinner presented the Department's budget 3 weeks ago he stressed the importance of developing, "a long-range strategy, a national transportation policy that will enable us to better set future priorities." Of particular importance the Secretary cited safety, enforcement, and efficiency. These three elements are the foundation of RSPA's mission and our fiscal year 1990 budget request is designed to address each effectively.

Among the actions the requested appropriation would enable RSPA to initiate or continue are the following:

SUMMARY OF OPS BUDGET REQUEST

In the pipeline area, improvement and extension of regulations governing damage prevention programs for both gas and hazardous liquid pipeline operations to better address outside force damage, the single most common cause of pipeline incidents; implementation in December of this year of drug testing requirements applicable to gas and liquid pipeline operators under which employees and contractor employees performing certain sensitive safety-related functions will be subject to preemployment, random, reasonable cause, and post-accident testing; continued enhancement of our enforcement program based on our ongoing implementation and evaluation of the inspection unit initiative; full implementation of the Pipeline Inspection Priority Program [PIPP]; and our responses to the Secretary's Safety Task Force Report; rulemaking to prescribe hydrostatic testing of older liquid pipelines that have not been tested to standards applicable to new pipelines. This will be particularly important with respect to electric resistance welded [ERW] pipe about which we have an increased concern.

Finally, taking the actions mandated by Congress in the fiscal years 1989–91 reauthorization of the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act, including rulemaking to prescribe training and qualification standards for both State inspection personnel, as well as operator maintenance and operation personnel; rulemaking to require operators to develop and maintain maps and records showing pipeline location and characteristics as well as inventories of pipeline facilities; studying the feasibility of requiring periodic inspection of pipelines with internal inspection devices; and studying the feasibility, safety and cost-effectiveness of requiring the installation of emergency flow restricting devices in both existing and future pipeline systems.

SUMMARY OF OHMT BUDGET REQUEST

In the hazardous materials area, continued enhancement of the reach and impact of the enforcement program and the addition of four more inspector positions, larger penalties, and more extensive inspections; increased involvement in emergency response and development and dissemination of training materials, particularly videotapes; publication of a new edition of the Emergency Response Guidebook, and completion of rulemaking to improve emergency response through more detailed and readily available hazard information; improved data collection, analysis and dissemination through new software, menu-driven programs and easier, more direct access; and ongoing rulemakings in the areas of packaging standards, hazard classification, training, explosives, highway routing, and extension of the hazardous materials regulations to intrastate transportation.

SUMMARY OF AIM BUDGET REQUEST

Another highlight of our budget request is the continued enhancement of our ability to collect, process and disseminate air carrier economic and operational data in the wake of important rulemakings that have changed the type and detail of required information. This initiative will involve a multiyear effort to modernize our inefficient and outgrown computer systems.

Mr. Chairman, the safety record of hazardous materials transportation by all modes, including pipeline, has been good. This budget will allow RSPA to build on that record and respond effectively to the challenges that will face us as Secretary Skinner begins to shape and implement the Department's national transportation strategy.

Thank you.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. Tenley. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF GEORGE W. TENLEY

Good morning, I am pleased to be here today to present the President's budget request for the Research and Special Programs Administration (RSPA) for fiscal year 1990.

This request reflects the President's and Secretary Skinner's commitment to a safe and efficient transportation system. We are requesting a total of $27,389,000 for fiscal year 1990 as compared to our fiscal year 1989 appropriation of $24,100,000. This total reflects $17,541,000 for Research and Special Programs and $9,848,000 for Pipeline Safety (the pipeline safety program is funded entirely by user fees up to the amount prescribed in the annual appropriation).

Currently, RSPA has responsibility for the following programs:

- *Office of Hazardous Materials Transportation (OHMT)*—OHMT is responsible for a national safety program to protect against risks to life and property inherent in the transportation of hazardous materials in commerce (other than bulk transportation on board vessels).
- *Office of Pipeline Safety (OPS)*—OPS is responsible for the development and enforcement of regulations necessary to ensure the safe transportation of hazardous liquids and natural gas by pipeline.
- *Office of Aviation Information Management (OAIM)*—The OAIM program provides consistent and comprehensive air carrier financial and statistical data that portray the results of operations in the air transportation industry.
- *Office of Emergency Transportation (OET)*—OET's responsibility is to assure there is an organizational structure and procedures for the continued viability of the Department as well as the operation of this country's civil transportation system to meet defense and essential civil needs in the event of a national emergency.
- *Transportation Systems Center (TSC)*—TSC's mission is to provide research and analytical support to all of the Department's operating administrations, the Office of the Secretary, and other Federal agencies.
- *Transportation Safety Institute (TSI)* (in the Office of Program Management and Administration)—TSI conducts comprehensive training programs in transportation safety and security for Federal, state, and local government officials involved with all modes of transportation; e.g., training state truck safety inspectors.
- *Statistics, Data, and Information* (in the Office of Program Management and Administration)—RSPA has the general responsibility for planning, developing,

and coordinating a comprehensive transportation statistics and information program.

- *Office of Research and Technology (ORT)*—ORT assures that the Department conducts a coordinated, cost-effective program of Research and Development, whose results and other technical materials are also made available to state and local governments and others. It also guides and coordinates the adoption of radionavigation systems and supports Congress's mandate to the Department to initiate a system of University Transportation Centers.

RSPA's fiscal year 1990 budget request represents an increase of $3,300,000 over the amount appropriated for fiscal year 1989. Some significant highlights are:

—An increase of $1,068,000 in budget authority and four permanent positions in the Office of Hazardous Materials Transportation, to allow RSPA to improve the effectiveness of the hazardous materials inspection and enforcement program. In addition, it will allow RSPA to produce and distribute the third revised edition of the Emergency Response Guidebook.

—An increase of $448,000 and three permanent positions in the pipeline safety operations program. The increase provides for much needed and requested training at the Transportation Safety Institute for Federal and state inspectors. In addition, $100,000 in budget authority is requested over the fiscal year 1989 appropriation to fund the natural gas and hazardous liquid pipeline safety grant program.

—An increase of $711,000 in budget authority and two permanent positions in the Office of Aviation Information Management to maintain program data collection and data processing functions and to consolidate departmental funding (except FAA) for the program.

—A slight increase of $102,000 in budget authority for the Office of Research and Technology to assist in oversight of R&D throughout the Department, to study priority transportation problems identified by state and local government officials and to assess and implement the integration of the global positioning system within the civil community.

OFFICE OF HAZARDOUS MATERIALS TRANSPORTATION

RSPA is requesting an appropriation of $10,681,000 to carry out the hazardous materials transportation program. This figure includes $9,566,000 for operations and $1,115,000 for research and development. It reflects an increase of four positions for hazardous materials inspectors, and $1,068,000 in budget authority to enable us to act upon a broad range of complex regulatory issues. This will bring the total, number of authorized inspector positions up to 17 and will enable RSPA to increase its performance of fixed facility inspections by more than 30%, or approximately 450 additional inspections per year.

This budget level will allow RSPA to continue an aggressive rulemaking and enforcement program, and further our federal/state partnership.

The safety record for the transportation of hazardous materials in the United States has been very good. Last year, of the 6,171 reported incidents nationwide involving hazardous materials transportation, there were 16 fatalities and 179 injuries. A chart of reported incidents occurring from 1979–1988 is attached as Appendix I.

I am committed to ensuring that this excellent safety record continues. The budget for fiscal year 1990 will enable RSPA to continue and improve hazardous materials transportation safety through a multifaceted program that focuses upon (1) research and rulemaking, (2) inspection and enforcement, (3) emergency response and state program support, and (4) information and analysis. To demonstrate the broad scope of RSPA's commitment to hazardous materials transportation safety, I would like to highlight some of our fiscal year 1989 accomplishments and fiscal year 1990 goals in each of these program emphasis areas.

RULEMAKING

RSPA's largest and most comprehensive regulatory initiative to date proposed the adoption of performance-oriented packaging standards and an improved hazard classification system. One issue which has generated considerable controversy is the proposed reclassification of anhydrous ammonia. RSPA has sought additional comments on this issue and notes that the comment period ends today. An in-depth technical assessment is necessary and will extend well into fiscal year 1990.

RSPA expects to be extremely active in the rulemaking area during fiscal year 1989. We plan to address a variety of topics such as: safety of cargo tank trucks; availability of emergency response information during transport incidents; training requirements for persons involved in hazardous materials transportation; transportation of molten materials; and highway routing of hazardous materials.

A major regulatory initiative planned in fiscal year 1990 will involve reviewing the standards for the manufacture, maintenance and repair of cylinders used for compressed gases. In a series of rulemakings, RSPA intends to address specific safety issues such as construction standards for aluminum cylinders, third-party inspection of the manufacturing process for low pressure cylinders, and retest requirements for cylinders used for acetylene.

With respect to the regulation of explosives, RSPA has two important objectives for fiscal year 1990. First, we plan to publish a final rule on testing and approval of fireworks that will improve current safety standards by incorporating a new industry consensus standard, consolidating testing requirements, and reducing the overall regulatory burden on shippers. Second, we plan to propose a new classification system for explosives to enhance transportation safety and achieve greater harmony between domestic and international regulations.

In fiscal year 1990, RSPA will complete a major research project on accident survivability standards for the packaging of materials that are toxic by inhalation or pose other high hazards. Development of test criteria that address the puncture, crush, and fire resistance of such packaging in accidents is critical to providing a high level of confidence in their safe transportation.

INSPECTION AND ENFORCEMENT

During fiscal year 1989, a primary goal of RSPA's inspection and enforcement program has been to increase the number of inspections and to reduce the rate of noncompliance. As the following numbers demonstrate, we have achieved a degree of success:

	1987	1988	Change
Cases Initiated	82	121	+39
Cases Closed	36	98	+62
Penalties Collected	$142,125	$392,900	+$250,775

We have also been able to expand the scope of our enforcement efforts through cooperation with other agencies:

- RSPA and FAA cooperated in a program of periodic inspections to determine the airworthiness of holders of exemptions relating to air taxi operations and the carriage of explosives.
- RSPA, the Coast Guard and the Customs Service conducted a month-long joint inspection at the Port of Long Beach, California, where they monitored export shipments of spent batteries and import shipments of a variety of hazardous materials, including fireworks.
- RSPA has assisted the FBI in several criminal investigations involving hazardous materials safety violations.

RSPA also plans to continue its efforts to ensure regulatory compliance by nonvessel-operating common carriers (NVOCC's) that are involved in the transportation of hazardous materials by vessel. Having made our presence felt, by several high-penalty enforcement actions, we are now seeking to establish a dialogue with the industry and are planning to participate in the annual meeting of the International Association of NVOCC's this spring.

RSPA plans to continue and build upon the productive federal/state partnership that has grown out of the Cooperative Hazardous Materials Enforcement Development (COHMED) Program. In fiscal year 1989, we focused on operational enforcement issues and regional concerns. In fiscal year 1990, we plan to promote uniformity in hazardous materials enforcement and sanctions, stressing the importance of a single set of safety regulations, uniformly applied, as the key to a nationwide hazardous materials transportation safety program.

RSPA has undertaken, in cooperation with the Hazardous Materials Advisory Council and state government enforcement agencies, the development of a modular approach to training in hazardous materials enforcement. This approach will give large numbers of public and private sector personnel access to uniform, high quality training. As designed, the program has 12 freestanding modules, each with a student workbook and an instructor guide, scripted and synchronized to slides and tape. They can be used as self-study programs or as part of a formal classroom curriculum.

EMERGENCY RESPONSE AND STATE PROGRAM SUPPORT

In fiscal year 1989, RSPA continued to focus attention on improved emergency response to transportation accidents. One particularly successful initiative was a videotape on "Hazardous Materials Awareness" which we distributed to the Governors of each of the fifty states and to the District of Columbia. The tape was broadcast over FEMA's emergency broadcast system where it was viewed by an estimated 100,000 persons. We also retained several copies which can be loaned out. In the six months since the videotape was released, we have received more than 500 requests from state and local emergency response departments and have had to order an additional 180 copies to meet the continuing demand.

In fiscal year 1990, RSPA is seeking a major funding increase for production and distribution of our third revised edition of the Emergency Response Guidebook. The current edition of this widely used safety guide was published in 1987 and has been distributed to approximately one million emergency responders nationwide. In addition, we have underway several studies to assess emergency response capability in the states.

INFORMATION AND ANALYSIS

RSPA maintains a wide variety of hazardous materials databases and information systems which are referred to collectively as the Hazardous Materials Information System (HMIS). The HMIS is a direct-access system with multiple users at different locations with a wide variety of analytical enforcement and training applications. Users include all of the Department, the National Transportation Safety Board, the Department of Defense and state agencies. The HMIS is also available to state, regional and local governments for use in hazardous materials planning and enforcement.

In fiscal year 1990, RSPA will continue to operate and enhance the utility of the HMIS. All users will benefit from our planned development of software which will provide for direct access to the databases containing the radioactive materials routing statistical summary and the Emergency Response Guidebook. In fiscal year 1990, RSPA plans to field-test the procedures and methodology in a technical document concerning regional commodity flow studies. Such studies can be helpful to state and local governments, not only in connection with highway routing analyses, but also with emergency response and enforcement programs. This document is being developed as a guide for state, regional and local governments on how best to perform, or enhance the value of, hazardous materials commodity flow studies and is intended to become part of the Hazardous Materials Contingency Planning Course which is sponsored jointly by FEMA, EPA, and RSPA.

RSPA also represents the United States in several international forums that develop international standards for the transportation of hazardous materials. Application of international standards by governments throughout the world has a direct economic impact on U.S. hazardous materials shippers and carriers engaged in export trade. The international organizations in which RSPA participates include:

1. The Committee of Experts on the Transport of Dangerous Goods of the United Nations Economic and Social Council (ECOSOC);
2. The Subcommittee on the Carriage of Dangerous Goods of the International Maritime Organization (IMO);
3. The Dangerous Goods Panel of the International Civil Aviation Organization (ICAO);
4. The Group of Experts on the Transport of Dangerous Goods of the United Nations Economic Commission for Europe (ECE); and
5. The International Atomic Energy Agency (IAEA).

RSPA's objective is to ensure that the standards adopted by these international bodies provide satisfactory levels of safety and do not create artificial trade barriers to the U.S. hazardous materials industry. Some important areas involving future international activity include new or amended standards pertaining to marine pollutants, gases, explosives, radioactive materials and performance-oriented packaging.

OFFICE OF PIPELINE SAFETY (OPS)

RSPA is requesting an appropriation of $9,848,000 to carry out the Department's pipeline safety program. Included is $4,623,000 for operations (an increase of $448,000) and $725,000 for research and development. We are requesting a total of $4,500,000 for pipeline safety grants to the states—an increase of $100,000 over the fiscal year 1989 appropriation.

As you know, the enactment of "user fee" legislation established a pipeline safety account to fund activities at funding levels prescribed in fiscal year appropriations. The program has been implemented successfully and administered fairly. The law establishing the fee, however, is the subject of litigation in the U.S. Supreme Court. The Court heard oral argument on March 1, 1989. The Department is convinced the law is constitutional despite a U.S. District Court ruling to the contrary in December 1987. The basis of the District Court decision, as you will recall, was that the Congress unconstitutionally delegated taxing powers to the Department.

Under the Natural Gas Pipeline Safety Act (NGPSA), the Secretary is directed to establish safety regulations for facilities used in transportation of natural gas and other gases by pipeline, both interstate and intrastate. Similar authority, the Hazardous Liquid Pipeline Safety Act (HLPSA), applies to the interstate and intrastate transportation of hazardous liquids by pipeline.

RSPA's safety jurisdiction over pipelines covers more than 2,000 operators and 1.6 million miles of gas pipelines, and more than 200 operators and approximately 155,000 miles of hazardous liquid pipelines which transport petroleum, petroleum products, and anhydrous ammonia. Pipelines remain one of the safest modes of transportation. While the record is good, we are particularly concerned with the continuing problem of outside force damage that accounts for more than 40 percent of pipeline incidents. A summary of the causes of gas and hazardous liquid incidents for 1988 is attached as Appendix II. In addition, Appendix III reflects gas and hazardous liquid pipeline incidents, fatalities, and property damage over a 10-year period.

To address this problem of outside force damage, principally damage by mechanical excavation equipment, the gas pipeline regulations now require operators to have a damage prevention program in urban areas. RSPA plans to complete a rulemaking establishing a damage prevention program for gas pipelines and hazardous liquid pipelines in all locations later this Spring. RSPA encourages operator participation in a utility locator system so that persons contemplating excavation can use the "one-call" utility locator to receive information on the exact location of pipelines in that area. RSPA also encourages the states to pass legislation requiring damage prevention programs. Thirty-nine states and the District of Columbia have enacted damage prevention legislation, and four states are considering such legislation. RSPA will propose a regulation for state adoption setting forth the minimum requirements for the establishment and operation of one-call notification systems to enhance state damage prevention laws. RSPA will also assess and report to Congress on the feasibility of regulating persons whose excavation activities may result in damage to pipelines.

One of the most important safety initiatives at the Department is drug testing. All Department employees occupying "critical safety and security" positions are subject to random drug testing. Regulations were issued in 1988 requiring pipeline operators to institute an anti-drug program for employees who perform certain sensitive safety-related functions. The regulations are due to take effect in December 1989. However, three lawsuits have been filed seeking to have the regulations invalidated.

The most significant safety accomplishments are in the management of our enforcement program. OPS has implemented the operator inspection unit concept which allows us to better manage our inspection program. Under this approach, all pipeline operators which RSPA inspects have been divided into inspection units. Each unit represents a portion of an extensive pipeline system (or all of a small-size system) under the control of a responsible management element of an operator. This concept assures that each part of a pipeline system will be inspected on a periodic basis, and that at least a portion of large companies will be inspected annually. RSPA is performing a comprehensive inspection of each of the identified onshore units on an expected average frequency of 2.5 years. RSPA is working with the state agencies to assure that their operator inspection units are developed consistent with the Federal definition.

We are also continuing to implement the computer-based pipeline inspection priorities program (PIPP) in our regional offices. PIPP rates pipeline inspection operators on system characteristics and accident data, and by the end of this year will include all enforcement inspection unit data and provide a separate rating for each unit. The system characteristics and accident data ratings of operators have been provided to our state partners. Additionally, RSPA's revised enforcement practices have resulted in the issuance of more civil penalties, more uniformity in enforcement among the regions, and the imposition of more severe sanctions on operators with a history of repeat violations.

RSPA issued a final rule on July 1, 1988, requiring operators of gas pipelines and associated liquefied natural gas (LNG) facilities and hazardous liquid pipelines, to report certain safety-related conditions, in addition to the incidents they currently are required to report. They also must revise their operating and maintenance plans to enhance discovery of the conditions. These requirements are intended to prevent known unsafe conditions from going uncorrected by prompting government intervention, if necessary, to avoid the occurrence of an incident or accident. Operators are required to report any conditions that could present an imminent danger or affect pipeline operational safety. This notification will enable state and Federal agencies to investigate promptly.

We currently have in process a number of significant rulemakings, which include training and qualification standards for personnel involved in the operation and maintenance of gas and hazardous liquid pipelines; requirements that pipeline maps and records be maintained to show the location and pertinent characteristics of pipelines, and that the information be provided upon request to state agencies for emergency response purposes; requirements for maintaining inventories of pipeline facilities; requirements for greater specificity in natural gas operation and maintenance procedures; and requirements for hydrostatic testing of older liquid pipelines that have never been tested in accordance with the standards for new pipelines.

RSPA has continued to study the failure data of electric resistance welded (ERW) pipe manufactured prior to 1970. In 1988, we issued an Alert Notice to all operators advising them of the data available to RSPA, and the actions which the operator could take to reduce the risk of failure. For those liquid pipelines that are operating at their design pressure without benefit of a prior hydrostatic test, there is no proven margin of safety. Requiring hydrostatic testing of pre-1970 ERW pipelines as part of the above rulemaking will provide a safe margin between operating pressure and test pressure. RSPA is also exploring with the National Institute of Standards and Technology a research project aimed at characterizing ERW defects and their growth rates for a variety of environmental conditions. This project could provide a basis for establishing criteria for rehydrostatic testing of pipelines.

A major factor in promoting the federal/state partnership in pipeline safety was the establishment of state grant-in-aid programs. Both the NGPSA and HLPSA provide for these programs to encourage state enforcement of pipeline safety rules. This partnership in the natural gas and hazardous liquid pipeline safety regulatory and enforcement arena has been working very well. In fact, it serves as a model for our federal/state workshops on hazardous materials transportation. Forty-seven states, Puerto Rico, and the District of Columbia, have developed gas safety programs by adopting Federal pipeline safety regulations and enforcing them, with respect to intrastate operators, with substantially the same sanctions as those employed by the Department. Two of these states, Delaware and New Jersey, refer enforcement actions to the Department. In 1989, ten states have participated in the hazardous liquid program, seven states have adopted and enforce Federal safety standards applicable to intrastate facilities, and three states refer enforcement actions to the Department. We continue to provide grant monies and staff time to encourage states to take on more responsibility for pipeline safety.

The $4,500,000 for grants being requested for the gas and liquid program is $100,000 more than the level of funding appropriated for fiscal year 1989. An effective federal/state partnership is indispensable to a successful nationwide pipeline safety program. That partnership is enhanced by the pipeline safety grant program. Through the grant funding mechanism, we are able to encourage states to expand their state programs with additional inspections and assume enforcement responsibility for municipal and master meter intrastate gas systems and hazardous liquid pipelines. The grant program is a cost effective means of enhancing pipeline safety. Otherwise, the Federal Government is required to inspect and enforce regulations on intrastate pipelines where states have declined to assume such duties.

RSPA will allocate in March the $4,400,000 appropriated in fiscal year 1989 as follows: approximately $3.3 million will be distributed to provide optimum funding in each state with a relatively small program, while also providing incentive funding in each state with a more extensive program; the remaining amount will be distributed according to certain basic criteria designed to assure an adequate level of safety. The criteria used by RSPA are: extent to which jurisdiction is exercised; inspector qualifications; recommended number of inspectors and recommended number of inspection person-days; third-party damage prevention program; and attendance at federal/state meetings.

The fiscal year 1990 funding level requested for research and development will allow RSPA to continue important ongoing projects, which include studying the comparability of safety requirements of hazardous liquid pipelines and gas pipelines;

studying the feasibility of requiring periodic inspection of transmission pipelines with internal inspection devices, i.e., "smart pigs"; LNG vapor dispersion prediction and mitigation methodologies; assessment of corrosion control technology for pipe in casings; susceptibility of electric resistance welds to degradation; stress corrosion cracks in pipeline transporting gas containing hydrogen sulfide; determination and reassessment of cathodic protection criteria for steel pipelines; and studying the feasibility, safety, cost and effectiveness of requiring operators to install emergency flow restricting devices in existing and future pipeline systems in varying circumstances and locations. These important studies are all underway, with several continuing over a multi-year schedule.

OFFICE OF AVIATION INFORMATION MANAGEMENT (OAIM)

The AIM program provides scheduling, financial and traffic information resources, and support services necessary for the Department to make informed and timely decisions concerning operations of air carriers. It is the primary source of information on the economic and operational aspects of the air transportation industry. Current Department users of the AIM program's basic data products and services include: 1) the Federal Aviation Administration (FAA) (e.g., for safety surveillance and analysis, airport development funds allocation, airport policy development, and airway facilities requirements forecasting), and 2) the Office of the Secretary (0ST) (e.g., flight delay information for consumer concerns, international policy development including negotiation of routes, carrier selection, fares and rates, fitness determination, and industry monitoring). Other Federal agencies using the data include the Departments of Justice, Commerce, Labor, and the U.S. Air Force. The Office of Technology Assessment, the General Accounting Office, the National Mediation Board, and the Securities and Exchange Commission also use this data.

In fiscal year 1989, the year-long effort was completed to relocate the AIM program's data collection and data processing function from TSC in Cambridge, Massachusetts, to the Office of Aviation Information Management (OAIM) in Washington, D.C. This change was necessary to provide 0ST and FAA programs with ready access to AIM data collection and processing staff consultants. These experts also monitor and guide the AIM program's routine work.

The fiscal year 1990 budget request for AIM operations is $2,759,000. The request provides for the continuation of basic AIM program activities and user services at a level comparable to fiscal year 1989. Routine AIM data collection and processing activities will be partially funded with user reimbursements from FAA and a few non-federal parties in fiscal year 1990 as in fiscal year 1989. In support of the continuing effort to offset the costs of AIM operations with user fees to the maximum extent possible, RSPA proposes continuation of appropriation language in fiscal year 1990 that would enable the agency to credit to the RSPA appropriation all such fees collected. AIM's fiscal year 1990 budget requests two positions needed to accomplish the basic minimum level of work required to service all of its users.

In fiscal year 1990, AIM will complete implementation of a major new data collection system (T-100) that improves U.S. and foreign air carrier reporting of traffic statistics by service segment and market by implementing a single standard system. It will contain data for both U.S. and foreign air carriers, domestic and international operations, scheduled and charter flights, and passenger and cargo service. This system, begun in fiscal year 1989, will provide a more comprehensive and timely data base for Department programs.

AIM plans several major rules in fiscal year 1990 to improve data collection systems while reducing reporting burdens. For example, we envision proposals to: 1) standardize the Department's economic reporting threshold for large vs. small air carriers, thereby relieving small air carriers of unnecessary reporting burdens, 2) implement a subset of T-100 traffic data reporting for commuter air carriers, to reduce their reporting burden and integrate their traffic data with large air carrier reports, and 3) implement a new Form 41 cash flow report that conforms to recent changes in the standard accounting procedures and relieves air carriers of duplicate reports.

Another significant initiative in fiscal year 1990 will be the start of an effort to modernize processing and user servicing systems. Many important manual systems, computer systems and programs outgrown by industry changes are inefficient and expensive to operate and maintain, or often delay user access to aviation data. As part of its request for $1,379,000 operation program dollars, AIM is asking for $464,000 for contract support to begin this modernization work. At the same time, AIM will emphasize the maintenance of on-time and accurate data banks, and the timely generation of aviation information products, to provide the minimum support needed by 0ST and FAA programs.

OFFICE OF EMERGENCY TRANSPORTATION (OET)

OET executes the statutory and administrative responsibilities of the Secretary of Transportation in the area of national security and domestic emergency civil transportation policy. These responsibilities include planning and coordination of Departmental emergency program actions, and emergency planning guidance and coordination actions of other Federal transportation community elements, the civil transportation industry, and state and local authorities. This mandate covers potential emergencies, including earthquakes, nuclear power plant accidents, labor/management disputes, mobilization for war, and nuclear attack recovery activities During the past year, OET developed and implemented major government-wide national security emergency preparedness program activities. Accomplishments include: (1) assessment of the Department's emergency preparedness program in accordance with new White House initiatives; (2) an extensive training and exercise program for the Departmental emergency executive teams and organizations staffed by both Federal employees and volunteer reservists from the private sector; (3) coordination of the civil transportation sector's support to Department of Defense (DOD) mobilization planning; (4) development of response plans and enhanced data systems to assure appropriate transportation information is provided to meet national security requirements, for both defense and essential civil needs; and (5) continuing as the U.S. representative to NATO's Civil Aviation Planning Committee which provides for airlift support to implement the defense plans for rapid reinforcement of NATO.

In fiscal year 1990, OET's major efforts will be directed toward these crucial elements of security interest: continue modernization of the Departmental emergency preparedness program; develop and provide annual training and exercises for the Department's emergency organizational structure; provide the lead role for the Department's responsibilities in the Nation's strategic mobility planning to assure effective utilization of civil transportation services required to meet DOD mobilization and deployment plans, and essential civil needs; continue to provide U.S. representation to NATO's Civil Aviation planning Committee activities involved in planning, training, and exercises; continue emergency planning working relationship with Transport Canada; and maintain a high level of Departmental response readiness for catastrophic natural and man-made disasters. For fiscal year 1990, OET is requesting $904,000, an increase of $25,000, to support the operation activities and $230,000, the same level as in fiscal year 1989, to continue its research and development programs.

TRANSPORTATION SYSTEMS CENTER (TSC)

TSC, located in Cambridge, Massachusetts, is the Department's transportation and logistics research and analysis center. Both through in-house and contracting out work, TSC provides study, analysis, system development and research to meet the needs of the Department and other Federal organizations.

The fiscal year 1990 budget would provide 518 positions for TSC, a reduction of 2 positions from fiscal year 1989. These positions, however, are proposed to be shifted to Aviation and Information Management Program. As in prior years, no budget authority is requested for the fiscal year 1990 budget because TSC is funded through a Working Capital Fund and because there are no major capital acquisitions being requested. TSC's Working Capital Fund is financed through negotiated agreements with project sponsors. TSC's program level reached $113 million in fiscal year 1988, and is estimated to be at least $110 million for both fiscal year 1989 and fiscal year 1990.

The Center currently has about 300 projects underway, ranging in annual obligations from under $100,000 to over $8,000,000. About three quarters of TSC's work is conducted for Department agency sponsors. The balance is sponsored by DOD agencies, such as the Logistics Directorate of the Joint Chiefs of Staff and the recently-formed Transportation Command (TRANSCOM), and civilian departments and agencies including State, Commerce, NASA and EPA. Since fiscal year 1982, TSC has experienced strong programmatic growth (from $44,000,000 to $113,000,000), while its Federal work force has been reduced by ten percent.

The Center's efforts focus on national priorities that involve national transportation policy development, safety, security, and infrastructure modernization. Examples of this effort include the National Strategic Transportation planning Study, assessment of the competitive implications of airline computer reservations systems, and various impact analyses of transportation deregulation. ongoing safety activities include sudden acceleration in automobiles, roll-over propensity of utility vehicles, crashworthiness, structural integrity of aging aircraft, and human factor aspects of operator performance and safety inspection. Security efforts include vapor detection technology for explosives and drugs, as well as computer vulnerability assessment of the nation's air traffic control system. TSC assists in modernizing the nation's infrastructure through efforts which include its technical management of DOD programs to rehabilitate military rail transportation systems and through efforts to modernize air traffic management systems. One of these systems will soon enable FAA to grant greater civilian access to restricted military special use airspace near congested traffic areas. The Center also provides integrated technical and management support to multiple agencies involved in cross cutting national issues, such as hazardous materials transportation, where TSC works with RSPA, USCG, EPA, DOD and DOE to improve the nation's ability to safely route and track shipments involving hazardous materials.

In keeping with the policy of identifying those programs within the Federal Government that might be performed by the private sector, in October 1987, the Department proposed legislative authority to authorize development and evaluation of options for defederalization of TSC. The Department will shortly submit the bill for consideration by the 101st Congress.

The Transportation Systems Center has a growing list of distinguished accomplishments in service to the nation's transportation sector.

TRANSPORTATION SAFETY INSTITUTE (TSI)

TSI, located in Oklahoma City, Oklahoma, is a training facility operated by RSPA on behalf of all Departmental elements as well as state and local government and industry personnel. Currently, seven Department administrations and five agencies in four other Federal departments sponsor, fund and staff transportation safety and transportation security programs through TSI. More than 141,000 people have attended classes and seminars since TSI's inception in 1971. As such, TSI serves as a primary vehicle for communicating Department views and initiatives, and fostering regulations compliance and enforcement with Federal, state, local government, and private sector personnel.

Agencies sponsoring training and other technical assistance at TSI provide funding and positions through annual reimbursable agreements. For example, the FHWA conducts five-week academy classes for its new safety inspectors; the National Transportation Safety Board conducts a school to train its accident investigators; the RSPA continues to provide state pipeline safety inspector training; and aviation security training is provided by the FAA (domestic) and Department of State (international). RSPA actually funds only the positions of Director and secretary which are carried in the Office of Program Management and Administration.

This year RSPA is again proposing to continue language to credit to its appropriation, tuitions from non-Department sources for hazardous materials training. In the reauthorization of the pipeline safety program for fiscal year 1989-1991, Congress also granted authority to the Department to credit fees received from the private sector for pipeline safety training. In fiscal year 1988, $106,711 was collected from non-Department sources for hazardous materials training. In fiscal year 1990, TSI projects collecting about $150,000 for hazardous materials training and $50,000 for pipeline safety training. Authority to credit this money to the RSP appropriation would enable RSPA to greatly enhance its training capabilities.

STATISTICS, DATA AND INFORMATION

RSPA has the responsibility within the Department for planning, developing and maintaining a coordinated transportation statistics and information program. The program is responsible for the collection, analysis, and dissemination of technological data, economic data, and other types of domestic and international transportation information. The fiscal year 1990 request for this program is $134,000, the same level as 1989.

OFFICE OF RESEARCH AND TECHNOLOGY (ORT)

The ORT helps coordinate the Department's research programs. Through its Technology Sharing Program, ORT responds to approximately 100,000 requests for technical information from state and local governments and the transportation community annually. The Office publishes 30 to 50 technical reports each year which are released as cooperative products with other Department administrations, and state and local government.

Working through the Department's R&D Coordinating Council, ORT helps identify needs and problem areas. A major portion of the office activity is in radionavigation. The Office prepares the biennial Federal Radionavigation Plan, which tracks the evolution of the navigation systems for both the civil sector and for the military. The program monitors closely how the different radionavigational systems are being used. Also, the Office works with the Department's University Research Program to disseminate completed research results.

ORT is requesting $693,000, an increase of $102,000, in operations to continue its studies under the Technology Sharing Program and support the Radionavigation program. These funds will be applied to the acquisition of information in areas such as transit financing, safety, highway maintenance, and rural transportation. In Research and Development, ORT is requesting $300,000, the same level as in fiscal year 1989, to continue funding the Communications and Radionavigation program and the Research Coordination and Technology Sharing program.

APPENDIX I

03/21/1989

INCIDENT STATISTICS BY MODE AND REPORTING YEAR

INCIDENTS BY MODE AND INCIDENT YEAR

MODE	1979	1980	*1981	1982	1983	1984	1985	1986	1987	1988	TOTAL
AIR	293	226	160	96	67	107	116	123	171	188	1547
HIGHWAY	16078	14181	8669	5671	4879	4509	4750	4612	4942	4856	73147
RAILWAY	1234	1272	1139	832	868	996	842	856	915	1033	9987
WATER	41	34	8	9	12	9	7	7	11	13	151
FREIGHT FORWARDER	2	2	3	6	1	145	298	150	119	73	799
OTHER	14	29	63	1	1	6	6	12	1	8	141
TOTALS	17662	15744	10042	6615	5828	5772	6019	5760	6159	6171	85772

DEATHS BY MODE AND INCIDENT YEAR

MODE	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	TOTAL
AIR	0	0	0	0	0	0	0	0	0	0	0
HIGHWAY	17	17	25	13	8	6	8	16	10	16	136
RAILWAY	0	2	0	0	0	0	0	0	0	0	2
WATER	0	0	0	0	0	1	0	0	0	0	1
FREIGHT FORWARDER	0	0	0	0	0	0	0	0	0	0	0
OTHER	0	0	0	0	0	0	0	0	0	0	0
TOTALS	17	19	25	13	8	7	8	16	10	16	137

INJURIES BY MODE AND INCIDENT YEAR

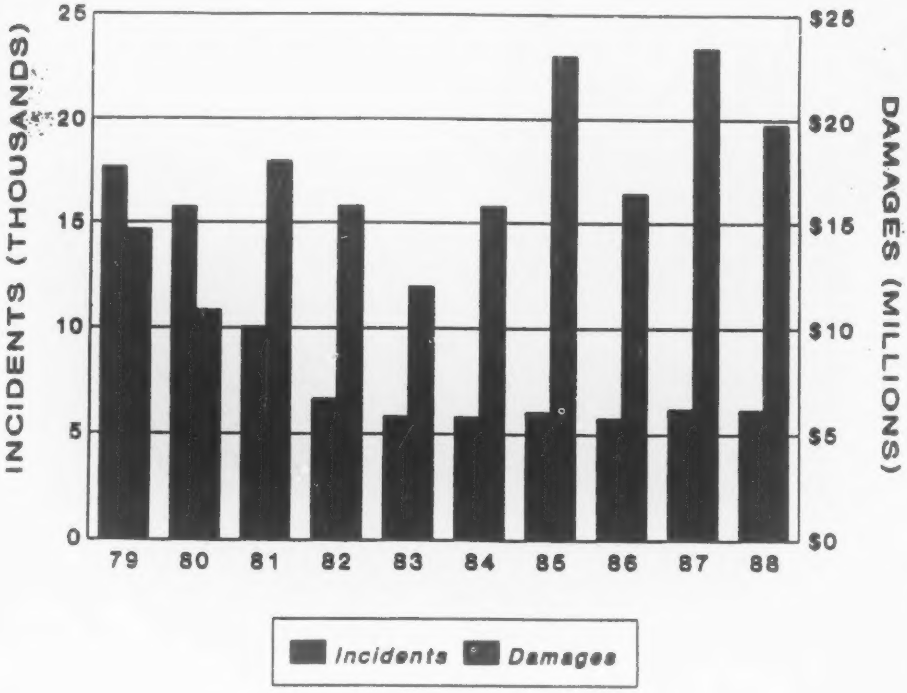
MODE	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	TOTAL
AIR	6	8	7	0	3	15	4	12	26	8	89
HIGHWAY	691	494	394	88	118	145	195	229	244	129	2727
RAILWAY	228	121	222	36	68	76	53	59	23	42	929
WATER	2	1	1	1	0	18	0	2	8	0	33
FREIGHT FORWARDER	0	1	0	0	0	3	1	12	25	0	42
OTHER	3	2	18	0	0	0	0	2	0	0	25
TOTALS	930	627	642	125	189	257	253	316	326	179	3844

DAMAGES BY MODE AND INCIDENT YEAR

MODE	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	TOTAL
AIR	30462	12286	6660	26851	52575	771226	12524	63017	14427	74701	1064729
HIGHWAY	8924388	7367972	14200784	11382169	9254885	11120358	12689212	13106623	15648917	17352641	121047949
RAILWAY	5569153	2952508	3632350	4331465	2559130	3353339	10273671	3077925	7570968	2460813	45781322
WATER	111931	505408	53045	30000	76088	509849	3242	53500	85230	67362	1495655
FREIGHT FORWARDER	0	100	6500	35	300	14011	13918	102117	51126	15409	203516
OTHER	5200	34560	70010	200	16500	975	515	3385	50	8319	139714
TOTALS	14641134	10872834	17969349	15770720	11959478	15769758	22993082	16406567	23370718	19979245	169732885

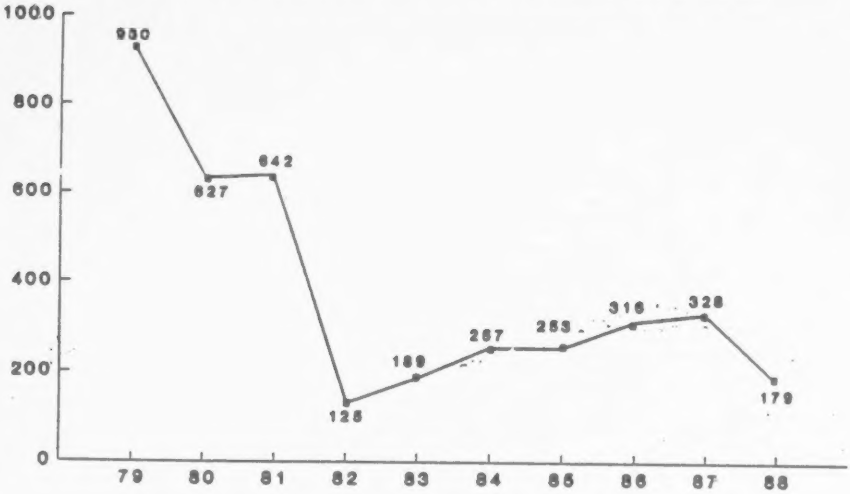
* EFFECTIVE JANUARY 1, 1981, THE REPORTING REQUIREMENTS WERE CHANGED TO EXCLUDE INCIDENTS INVOLVING CONSUMER COMMODITIES, WET ELECTRIC STORAGE BATTERIES, OR PAINT, ENAMEL, LACQUER, STAIN, SHELLAC, ETC., IN PACKAGING OF 5 GALLONS OR SMALLER UNLESS THE INCIDENT RESULTS IN DEATHS, INJURY OR PROPERTY DAMAGE OVER $50,000; THE MATERIAL IS BEING TRANSPORTED BY AIR OR THE MATERIAL IS CLASSIFIED AS A HAZARDOUS WASTE.

TOTAL INCIDENTS AND DAMAGES, 1979-1988

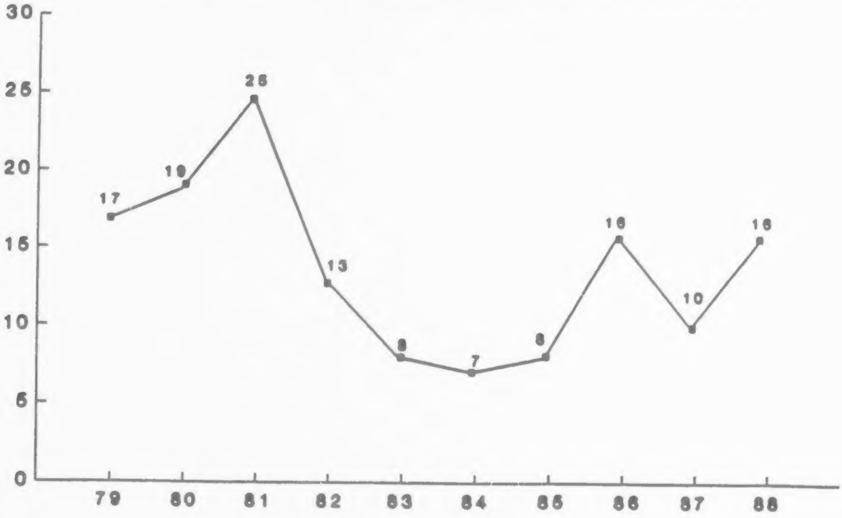


Source: Hazardous Material Information System

HAZARDOUS MATERIALS INJURIES, 1979-1988



HAZARDOUS MATERIALS FATALITIES, 1979-1988



SUMMARY OF NATURAL GAS DISTRIBUTION PIPELINE INCIDENT REPORTS (RSPA F. 7100.1) RECEIVED IN 1988

INCIDENT SUMMARY BY CAUSE

CAUSE	NUMBER OF INCIDENTS	PERCENTAGE OF TOTAL	PROPERTY DAMAGES	PERCENTAGE OF TOTAL	DEATHS	INJURIES
Internal Corrosion	0	0.00	$ 0	0.00	0	0
External Corrosion	7	4.12	$ 650,000	6.71	1	6
Damage from Outside Forces	94	55.29	$5,104,751	52.74	6	23
Construction/ Material Defect	13	7.65	$ 294,000	3.04	0	7
Accidently Caused by Operator	4	2.35	$ 5,000	0.05	0	3
Other	52	30.59	$3,626,185	37.46	8	37
TOTAL	170	100.00	$9,679,936	100.00	15	76

SUMMARY OF NATURAL GAS
TRANSMISSION & GATHERING PIPELINE
INCIDENT REPORTS (RSPA F 7100.2)
RECEIVED IN 1988

INCIDENT
SUMMARY
BY CAUSE

CAUSE	NUMBER OF INCIDENTS	PERCENTAGE OF TOTAL	PROPERTY DAMAGES	PERCENTAGE OF TOTAL	DEATHS	INJURIES
Internal Corrosion	6	6.82	$ 336,500	5.96	0	0
External Corrosion	11	12.50	$ 644,210	11.40	0	0
Damage from Outside Forces	39	44.32	$2,310,128	40.88	2	2
Construction Material Defect	9	10.23	$ 651,000	11.52	0	0
Other	23	26.13	$1,708,600	30.24	1	9
TOTAL	88	100.00	$5,650,438	100.00	3	11

APPENDIX III

SUMMARY OF GAS PIPELINE ACCIDENTS AND CASUALTIES REPORTED FROM 1979-1988 AS REQUIRED BY 49 CFR PART 191

DISTRIBUTION

Report Year	Failures	Fatalities	Injuries
1979	1,520	33	313
1980	1,467	9	269
1981	1,128	10	73
1982	1,191	20	225
1983	1,127	10	220
1984	747	26	189
1985	204	20	94
1986	136	19	86
1987	161	9	88
1988	170	15	76

Transmission and Gathering

Report Year	Failures	Fatalities	Injuries
1979	450	12	93
1980	529	2	41
1981	495	6	6
1982	520	11	41
1983	453	2	25
1984	255	9	40
1985	127	6	12
1986	83	4	20
1987	68	0	13
1988	88	3	11

Note: Amendment 191-5, 49 FR 18961, May 3, 1984, Changed the definition of "incident" as follows: eliminated the requirement to report when taking any segment of a transmission pipeline out of service, eliminated the requirement to report if gas ignited, and increased the level of estimated property damage from $5,000 to $50,000.

SUMMARY OF LIQUID PIPELINE ACCIDENTS AND CASUALTIES REPORTED FROM 1979-1989

Report Year	Failures	Fatalities	Injuries
1979	251	4	13
1980	219	3	12
1981	239	5	32
1982	200	1	6
1983	161	6	9
1984	203	0	19
1985	183	5	18
1986	203	3	32
1987	237	3	20
1988	196	2	19

INCIDENT REPORTS (DOT Form 7000-1)
RECEIVED IN 1988

INCIDENT SUMMARY BY CAUSE

US E	# OF INCIDENTS	% OF TOTAL	BARRELS LOST	PROPERTY DAMAGES	% OF TOTAL	DEATHS	INJURIES
Internal Corrosion	5	2.55	3,249	$11,700	0.09	0	0
External Corrosion	48	24.49	32,961	$3,426,776	25.99	1	0
Defective Weld	6	3.06	3,141	$230,403	1.75	0	0
Incorrect Operation	13	6.63	6,897	$224,950	1.71	0	3
Defective Pipe	11	5.61	43,403	$4,033,000	30.59	0	0
Outside Damage	55	28.06	101,266	$4,233,152	32.11	1	8
Malf. of Equipment	7	3.57	6,103	$101,000	0.77	0	0
Other	51	26.02	19,400	$923,077	7.00	0	8
TOTAL	196	100.00	216,420	$13,184,058	100.00	2	19

INCIDENT SUMMARY BY COMMODITY

COMMODITY	# OF INCIDENTS	% OF TOTAL	BARRELS LOST	PROPERTY DAMAGES	% OF TOTAL	DEATHS	INJURIES
Waste	0	0.00	0	$0	0.00	0	0
Anhydrous Ammonia	0	0.00	0	$0	0.00	0	0
Condensate	1	0.51	1,045	$1,000	0.01	0	0
Crude Oil	84	42.86	136,290	$8,613,720	65.33	0	0
Diesel Fuel	9	4.59	7,910	$1,032,646	7.83	0	0
Fert., Ammon. Nitr.	0	0.00	0	$0	0.00	0	0
Fuel Oil	19	9.69	11,061	$929,800	7.05	0	0
Gasoline	37	18.88	28,369	$1,346,340	10.21	0	3
Jet Fuel	4	2.04	981	$230,000	1.74	0	0
Kerosene	0	0.00	0	$0	0.00	0	0
L.P.G.	16	8.16	14,527	$290,113	2.20	1	3
Natural Gas Liquid	17	8.67	8,185	$308,374	2.34	1	5
Oil and Gasoline	4	2.04	2,989	$366,560	2.78	0	0
Toluene	3	1.53	4,192	$15,505	0.12	0	8
Turbine Fuel	1	0.51	131	$0	0.00	0	0
Xylene	1	0.51	740	$50,000	0.38	0	0
TOTAL	196	100.00	216,420	$13,184,058	100.00	2	19

COLLECTION OF AVIATION INFORMATION

Senator LAUTENBERG. We are, as we have both acknowledged, talking about an increase of something over $1.2 million in program funds for the Office of Aviation Information Management. It includes $735,000 funded in 1989 for the Office of the Secretary.

Currently aviation statistics, including comprehensive financial and statistical data on individual air carriers as well as the industry, are maintained by RSPA. Why do you maintain that data? What is the purpose?

Mr. TENLEY. I think historically when the CAB was sunsetted and a large portion of their operation came over to the Department of Transportation certain organic allocations were made in the Department, and I think the belief was that there were several users of that data and in order to provide a pure reading of that data and its collection, if you will, it was decided that an element separate from two of the key users might be the best way to do it—that is, the FAA and the Office of the Secretary were the key users.

The function of aviation information collection, preparation, and dissemination was therefore put in the Research and Special Programs Administration which, as you know, Mr. Chairman, has what I would call a multimodal focus in our mission and programs.

Senator LAUTENBERG. The FAA has a data base of its own. How does yours differ in terms of the information?

Mr. TENLEY. Might I defer that to Robin Caldwell, the Director?

Senator LAUTENBERG. Sure.

Mr. TENLEY. Thank you.

Mr. CALDWELL. The information we collect is information that measures the results of air carrier operations in providing air transportation, and so we have financial, capacity and statistical information versus collections which FAA makes about the physical facilities, the airways, the airports, airmen, pilots, aircraft, safety aspects of the air transportation system.

They do not duplicate what we have. They have historically used it so that the Department has a single data base for both functions, OST and FAA.

Senator LAUTENBERG. You maintain financial records for each of the carriers. You gather information from them on their financial condition as part of your data base?

Mr. CALDWELL. Yes, sir.

Senator LAUTENBERG. How is that information used, if you would?

Mr. CALDWELL. It is employed in the Office of the Secretary in carrying out its program responsibilities in areas of international air transportation, in the process of negotiating routes, and then in limited capacity markets, selecting from among proposals of competing air carriers. It is also used in the continuing fitness activities of the Office of the Secretary in reviewing carrier changes in condition—and a variety of other programs as well.

Senator LAUTENBERG. We will have to submit some questions for you because I am curious when I hear that the information reflects the financial condition of the various airlines, and you also said that in the analysis of route changes or route applications that this information is used.

Did I understand you correctly?

Mr. CALDWELL. Yes.

Senator LAUTENBERG. Now, you made particular reference to international aviation. Does that not also apply to principally domestic carriers?

Mr. CALDWELL. Well, of course, the domestic carriers are free to serve markets, and so there is no longer a route selection process that involves the financial information domestically. It is used, however, for evaluating continuing fitness, and Alaskan mail rate activity. FAA is using the information monitoring carriers, looking at where they may need to allocate their safety inspection resources.

So it is put to use in a variety of ways. Financial is not the only data base that is collected.

AIM COMPUTER SYSTEM

Senator LAUTENBERG. I understand. I am concerned about overlap and we are interested in finding out a little more precisely what it is that you do, so we will submit questions for the record and ask for your response.

You are asking for an increase of $464,000 for a study with the view in mind of modernizing the computer systems that you have. What occasions you to do that? What do you feel is deficient about existing computer systems?

Mr. TENLEY. One of the problems is a historical problem again. Some of the systems, some of the principal systems that are involved in the program are more than 10 years old. We need to get up to the state of the art on systems development.

Senator LAUTENBERG. Is that primarily software or hardware?

Mr. TENLEY. A little bit of both, I believe.

Mr. CALDWELL. Software.

Senator LAUTENBERG. Ten-year-old software would suggest that there has been a lot of hardware change in those years. What is your principal problem?

Mr. CALDWELL. The software was created 10, 15, and 20 years ago by the Civil Aeronautics Board and we have gone through a number of hardware changes in the transition from CAB to DOT.

Senator LAUTENBERG. What kind of hardware? What is the mainframe?

Mr. CALDWELL. We are currently using the Department's Transportation Computer Center Amdahl mainframe for basic processing. We have begun, however, using personal computers as a way to control costs and improve delivery of that data to the users throughout the Department, and that is a part of the modernization process that we have in mind.

It is very costly to maintain programs when the air transportation industry is changing, code-sharing, mergers, innovations with ticketing practices. The software is hard-pressed to allow us to maintain it and continue to use it.

Senator LAUTENBERG. And your main facility is the FAA computer center?

Mr. CALDWELL. No, sir; it is the Transportation Computer Center operated by the Office of the Secretary.

Senator LAUTENBERG. This is an area I have an old interest in. When you start talking about programs that are 10, 15 years and older you are talking about different technology. It sounds like it is a cumbersome process to get from here to there when things have changed so much.

The basic aviation information management system is proposed for an increase of about 11 percent. Is that because the workload is increasing? Why is more funding needed for that? Because now we are not talking about rewrite of programs, et cetera.

Mr. TENLEY. I will let Robin finish it up.

Mr. CALDWELL. You are speaking of the overall level of funding, Senator?

OST CONTRIBUTION

Senator LAUTENBERG. The basic aviation information management system is proposed for an increase of $50,000 in the year.

Mr. CALDWELL. Yes, sir.

Senator LAUTENBERG. No positions are requested.

Mr. CALDWELL. That is money that represents the OST, the Office of Secretary's, contributions as a user in previous years which we now are asking to be directly funded to RSPA. We use contract resources for recurrent, routine processing of information, staff time, and we also have to pay for the TCC computer center. So that increase recognizes that there are increases in costs in both of those areas.

Senator LAUTENBERG. We are talking about a relatively small number, but I wonder whether there is an offset in the Office of the Secretary of DOT.

Mr. CALDWELL. I believe there is.

ESSENTIAL AIR SERVICE

Senator LAUTENBERG. I will take a look at that.

If Congress continues the Essential Air Service Program in 1990 as expected, will you require additional positions to monitor that?

Mr. TENLEY. We believe we will need one position in order to pick up that work.

EMERGENCY RESPONSE GUIDEBOOK

Senator LAUTENBERG. You are looking for an increase of something over $1 million, four positions, for the Hazardous Materials Transportation Office. RSPA, as we see it, plans to spend $700,000 of that increase to produce and distribute 1 million copies of the third Emergency Response Guidebook. It is going to be a revised version of the 1987 Emergency Response Guidebook.

Why do we need to redo it in 1990? It was redone only 2 years ago. We are talking about a significant sum of money.

Mr. TENLEY. Well, we consider it to be one of the principal tools with which we do our business. The new edition is going to have a couple of enhancements in what we are doing now. For one thing, we are going to look at the technical bases for evacuation distance, which is a very critical element for first responders—knowing how far to move people, what environmental conditions may go into that evacuation decision. So we are going to look at the technical bases for our evacuation criteria.

Second, we have got a lot of interest from users of the guidebook with respect to various instructions involving protective clothing. There is some misunderstanding about what proper protective clothing is, what constitutes protective clothing and how best to deploy it in given emergencies. So we are going to look at that.

And there are some just general housekeeping needs which have to be done in a document of this nature involving a highly technical subject that will require a relook in the third edition.

Senator LAUTENBERG. You are talking about $700,000 for 1 million copies. Could we do that by just producing an addendum to what you have got? It just seems like one heck of a lot of money.

Mr. TENLEY. Well, if by addendum you mean something along the lines of errata sheets or something like that?

Senator LAUTENBERG. Not an errata. I mean an addendum. Errata means it is wrong; addendum means additional.

Mr. TENLEY. I think then you will have the situation where you have more than one publication. As you recall, I think we provided this to you in the past. For 1987 we got it down to a more manageable size so it would facilitate usage. I think that if you had an addendum to a bound volume you would be talking about two separate documents and you would decrease the likelihood of effective use, I believe.

Senator LAUTENBERG. Senator Grassley, do you want to take a few minutes?

ANHYDROUS AMMONIA

Senator GRASSLEY. Thank you very much. I do have a point I want to make with these people.

For your part I would like to bring up this issue of the reclassification of anhydrous ammonia. I do not so much have questions as I want to take an opportunity to make a point. I do not mean to imply that you do not give adequate consideration to these. I just do not know for sure and I want to make sure.

You know, you are going through the reclassification of it from nonflammable gas to poisonous gas as part of an extensive proposed rulemaking to amend the hazardous material regulations. Many commenters to this proposed rulemaking have indicated concerns about the potential negative impact on farmers and other segments of the agricultural community.

For example, this morning once a year the Iowa Farm Bureau Federation comes in for a congressional workshop and I met with about 100 members of the Iowa Farm Bureau and this is one of the issues they brought up. Anhydrous ammonia, of course, as you know, is used as fertilizer all over America. It accounts for over half of the U.S. fertilizer supply and has been safely used by farmers for decades. As a farmer myself, I have used it and have applied it myself, and consider safe handling of it as not being a major problem.

It is important to determine if the economic impact of reclassification of anhydrous ammonia would be more severe than necessary to address transportation safety. More investigation is needed on the effects reclassification of anhydrous ammonia would have on our agricultural economy. Several important areas need further study, including farm income levels, crop production, insurance rates, and export-import costs.

It is necessary to study these potentially disastrous effects on American agriculture before the Department of Transportation proceeds with this rulemaking. Legislation was introduced to direct the Department of Agriculture to conduct a study examining the impact of this reclassification since DOT has been unable to resolve the reclassification issue thus far. This legislation would provide essential information to enable the Department to reach a sound and reasonable solution.

That is my point. I do not really have a question. If you want to bring me up to date or anything or have any rebuttal to that, I would be happy to listen in the few minutes I have.

Mr. TENLEY. A short comment. I think you certainly laid out the history of the issue and the concern about the issue. The only exception I would take to what you said was the use of the word "unable"—that the Department is unable to confront the issue.

I think the whole purpose of the supplemental notice of proposed rulemaking—for which the comment period closed last Thursday—was to get the data necessary to enable us to make the decision. We both agree we should be reasonable and take into account these concerns. And, frankly, the record that we have is woefully lacking through the comments as to the impacts that you are talking about.

We have a very thorough depiction of the potential or proposed impacts, but we have very little supporting data on the insurance question and rate questions and things such as that. So certainly the Department agrees that in order to proceed on a rational basis we have to have a record which does that, and this rulemaking record to date does not do that.

STUDY ON ANHYDROUS AMMONIA

Senator GRASSLEY. I would like to be helpful in whatever way I can to help get that information and in the meantime would implore you to move slowly because I think it is really a hot issue out there at the grassroots. I guess that is what I need to say.

Mr. TENLEY. And we are sensitive to that fact. I do not mean that just because we are taking heat we are sensitive. We are sensitive to the impacts. I would just say with respect to moving slowly, I think it is very possible, given the enormous issues involved in the rulemaking of which this is a part, that down the road we are going to have to go to supplemental rulemaking on some of these other issues.

So I think that before anything ever happens on anhydrous ammonia and the rest of that rulemaking we are well into fiscal year 1990. So there is nothing imminent on the horizon.

I would say with respect to the legislation you cited, that one of the bills would mandate a study by the Department of Agriculture. I guess if I had my preference on the same day that she put a bill in to have the Agriculture Department do a study, Representative Smith also suggested the Office of Technology Assessment look at it. And the elements which OTA would look at, as laid out in her bill, seem to me from the regulatory standpoint, considering safety as well as economic impact, might be the better way to go.

So I would offer up that as a possible legislative alternative.

Senator **Grassley**. I am on the board of the Office of Technology Assessment, so if there is something along that line you would like to have me consider, I would be glad to do it.

Mr. **Tenley**. Thanks very much.

Senator **Grassley**. Mr. Chairman, I appreciate very much your deferring to me to participate at this point.

Senator **Lautenberg**. I am pleased to do so, Senator Grassley.

We have additional questions, Mr. Tenley, that we will submit for the record. I have a request from Senator Harkin to see if you or your colleagues could stand by for a little while. I am not quite sure how he wants to handle this, because we are going to call NHTSA to the stand. But if you would stay in the room for a half hour.

Mr. **Tenley**. We would be pleased to, Mr. Chairman.

SUBMITTED QUESTIONS

Senator **Lautenberg**. Thank you very much. Thank you for your testimony. We will submit questions. We would ask for your prompt response.

Mr. **Tenley**. Thanks very much.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

OFFICE OF AVIATION INFORMATION MANAGEMENT

SENATOR LAUTENBERG: An increase of $1,286,000 is proposed in program funds for the Office of Aviation Information Management, including $735,000 funded in 1989 in the Office of the Secretary (OST) (page DAI-7). Currently, aviation statistics, including comprehensive financial and statistical data on individual air carriers as well as the industry, are maintained by RSPA.

Who sets the data requirements: RSPA, FAA, or the Secretary's office?

ANSWER: RSPA is responsible for final determination of the data requirements in view of OST and FAA inputs. This arrangement provides DOT with an independent view of OST and FAA program manager's needs. It enables consolidation of requirements, elimination of all but the essential and critical data, and control of data collection burdens on the air carriers. RSPA's Office of Aviation Information Management (OAIM) periodically reviews the needs of DOT programs for aviation economic information as required by the Paperwork Reduction Act. OAIM's work includes analysis of existing Federal and non-Federal data systems that could meet the needs. It also includes evaluation of air carrier data gathering systems, when air carrier reporting appears to be necessary, to identify the least burdensome and most efficient methods for data collection and design, while still capturing the required data, and to implement the data collection and information processing systems.

SENATOR LAUTENBERG: Why is the OST funding proposed to be shifted to RSPA? FAA funding has been provided by user reimbursement — why is this appropriate for FAA but not for OST? Does the OST show a reduction of $735,000?

ANSWER: Experience has shown that a user reimbursement mechanism for aviation economic information is inappropriate for most Federal users. Stable funding can best be achieved through direct appropriation rather than reimbursables. Within DOT, user reimbursement for OST has not been effective because their needs have been fixed and predictable, while available resources have not been. Funds previously budgeted by OST are now proposed for direct appropriation to OAIM. OST requirements have been reduced. User reimbursement for FAA has been appropriate for FAA because their needs are often varied and flexible, and they have not encountered problems in identifying resources for the reimbursement. However, our agreement with FAA expires in 1992. We will reconsider the FAA arrangement before that time.

SENATOR LAUTENBERG: RSPA is requesting an increase of $464,000 to begin a two year effort to modernize existing computer systems. What is wrong with the old systems? Who will be the user? Can they pay? What is the total two year cost?

ANSWER: We estimate the improvement of AIM systems will cost $700,000. We have requested $464,000 in FY 1990 and the remaining $236,000 will be requested in FY 1991.

There are three areas where system development initiatives will be pursued. Each of these areas support the Aviation Information Management (AIM) program's ultimate objective which is to provide aviation economic data for use by OST and FAA programs. Funds representing OST's contribution to the AIM program are contained in the budget request. We expect FAA to provide $500,000, the same as in 1989, as its fair share contribution to the AIM program's operation and development.

Other Federal and non-Federal parties also use the aviation economic information DOT collects for their own program purposes. However, they have no incentive to pay for these system development initiatives because the Freedom of Information Act provides them with ready access to the data and limits DOT charges to the cost of providing access.

The first initiative is to modernize and upgrade the old AIM computer systems used to process various aviation economic data collections on the Transportation Computer Center (TCC) mainframe. These collections contain large volumes of data and require large mainframe computer resources to prepare the information for users. The current systems were developed more than ten years ago. Since then the composition of the collection systems have changed, the industry has changed, and the computer environment is totally different. The current systems are expensive to maintain, expensive to operate, and often hinder the production of reports or data bases. New, efficient computer systems and programs will help control future needs for increased staff or operating funds.

The second initiative is to replace old, outmoded data access procedures and programs used to provide self-help access to OST and FAA users. Current mainframe procedures and programs are costly to maintain and often delay user access to data. Also, new procedures and systems must be created to service OST and FAA users of the T-100 data. The systems to be created will improve and streamline user access facilities, and will be prepared in view of increasing user capabilities with personal computers. The systems will include improved user capabilities for search and retrieval and down loading of data to facilitate the use of personal computers. The AIM plan generally includes the maintenance of summary level, less detailed data bases on non-mainframe computers. Users will be able to access these data bases via local networks and avoids the high cost of mainframe computer resources.

The third initiative is to replace the AIM program's paper oriented reports control, filing, and user access systems with advanced optical imaging or microform technology. The systems must handle the 20,000 new paper reports received each year. A system is envisioned where paper reports will be handled only once, upon their receipt, to capture the report's image (and data) and code it for future retrieval and processing. The system will also modernize the reports reference room, which now contains more than ten years of historical paper reports and data in paper form. Selected older information will be transferred to optical or microform media, to reduce storage and maintenance costs and facilitate user access.

SENATOR LAUTENBERG: Part of the justification for the new system will be an increase in efficiency. Will the budget reflect such savings when the new systems are in place? How much will be saved?

ANSWER: If all of the funds requested in 1990 are appropriated, then the new computer systems will be fully developed at the end of 1991. They will provide increased efficiency in our use of computer resources. The new computer systems will be developed to specifically take advantage of the TCC's hardware and software facilities, and will help us control our expenses for mainframe computer resources for recurrent production and data dissemination services. The new systems will utilize micro (or personal) computers and mini computers for co-processing procedures, for data dissemination, and for increased self-help by users. Future increases in program operations funds for mainframe computer resources will be avoided. The fully implemented computer systems may provide reductions of more than ten percent beginning in 1991.

Beginning in 1991 this projected reduction in operations funds will be offset somewhat by the need for more ADP technical staff experts to handle increased demands from OST and FAA programs. As the new systems are implemented beginning in 1990, we anticipate an increase in productivity for the ADP technical staff which will be needed to maintain the new systems plus the new, sophisticated network of micro and mini computers. We also anticipate a workload increase of more than twenty five percent beginning in 1991 resulting from OST and FAA programs generating more numerous and sophisticated requirements for current, high quality aviation data, applications and studies. Their needs will arise because of the need to quickly address and resolve increasingly complex economic problems in the air transportation system, for example, problems that arise due to domestic concentration or from globalization of the industry.

SENATOR LAUTENBERG: What will be improved if the new system is put in place? What would happen if the new system is not funded?

ANSWER: The new systems will improve the AIM program's capacity to provide timely, high quality aviation economic data to OST and FAA programs. Their use of current technology will reduce costs for TCC's mainframe computer resources and improve the ADP technical staff's productivity. The new systems will provide the AIM program the facilities to handle the more sophisticated data access requirements from OST and FAA in the years ahead. The new systems will also provide the hardware and software environment required in order to service increased demands for applications and special projects that we anticipate beginning in 1991.

If the system is not funded, the AIM program will continue its present course. Future budget requests will reflect unnecessarily high costs for computer resources and staff needed to maintain old, outmoded computer systems and programs. The AIM program's capacity to service OST and FAA workload requirements would continue to diminish due to this maintenance burden. As a direct result, OST and FAA programs would be increasingly vulnerable to the consequences of diminishing data quality and delays in its availability. In this future environment, DOT could act incorrectly on crucial air transportation matters.

SENATOR LAUTENBERG: RSPA is also requesting an increase of $27,000 (or plus 43%) for improving the basic passenger statistics mandated by the CAB Sunset Act of 1984.

Why is this increase required at this time? Do we still need this data? Why? Has the number or type of passenger statistics increased since 1984? What would happen if the funds are not provided?

ANSWER: This increase is for direct costs incurred for processing the basic air passenger movement statistics mandated by the CAB Sunset Act of 1984. The increase results from a combination of more source data due to increased passenger travel which results in greater computer usage, higher computer usage rates, and the increasing inefficiency of the old computer systems and programs used to process this data. The data consists of domestic (and international) passenger movement statistics that show passenger demand, both origin and destination, and non-stop market data, the same as in 1984. It is a valuable source of reliable, uniform transportation data that is heavily used by air carriers, state and local governments and airports, aircraft manufacturers, and the industry, to improve and expand air transportation for U.S. commerce and citizens. If funds were not provided, then some important parts of the data systems will have to be discontinued, and data for the air transportation industry would be severely impacted. In addition, DOT would have to request other operating funds to continue essential component parts of these domestic and international data systems that support DOT program purposes. The reduced systems would no longer serve the needs of many non-DOT parties.

SENATOR LAUTENBERG: The basic aviation information management system is proposed for an increase of $50,000 in 1990, up 11% over 1989.

What would happen if these funds are not provided?

ANSWER: The basic funds are used to pay for the computer resources and contract staff resources needed to produce basic aviation economic data banks and to provide basic ADP services required for DOT program purposes. The 11% or $50,000 increase is needed to pay for increased computer usage rates and increased unit charges for contract staff resources. If these funds are not provided, then decisions would have to be made on the relative priority of the basic data banks, with low priority data subject to deferral or cancellation despite the impact on DOT programs. The provision of basic computer data access and ADP services that support DOT programs would also be impacted.

SENATOR LAUTENBERG: The justification states (page DAI-5) that, "No positions are requested to support the essential air service program since it is being proposed for elimination in 1990."

If Congress continues the essential air service program in 1990, as expected, how many positions will be required? How many positions are currently assigned to that program? What does FAA do regarding data needs for the essential air service program?

ANSWER: One position would be required to continue aviation information and services for the essential air service program, the same as at present. Regarding FAA's involvement, we expend a small portion of the user reimbursement funds received from FAA (and OST) to pay for resources needed to fully support the essential air service program. Funds are spent for use of the Transportation Computer Center's computer, and for contract staff for data administration and ADP services work.

SENATOR LAUTENBERG: You are requesting an increase of two positions for this office as well as an increase in budget authority of $1,446,000. The two additional positions are in addition to seven additional positions which were requested in 1989.

How many additional positions were funded in 1989? How many of these positions have been filled to date? Is your workload increasing? As measured by what? What benefit will be derived that can't be achieved by supplementing the present staff with part time employees?

ANSWER: Congress funded the seven additional positions requested in 1989. All of these positions have been filled throughout 1989 to date. These positions were needed to accommodate seven Aviation Information Management (AIM) program employees transferred back to Washington, D.C. from the Transportation Systems Center in Cambridge, Massachusetts following an unsuccessful attempt to contract out selected functions of the AIM program. The contracting out was requested by Congress.

We have requested two additional positions in 1990 to accommodate two employees who were needed to relocate all of the program functions to Washington, D.C., who have been working on the AIM program since its relocation back to Washington, but were not included in our request for 1989. They are experts in aviation economic data and cannot be replaced by several unskilled part time employees.

In 1990 the AIM program workload will increase because of new requirements such as the need to oversee the control and release of sensitive information collected in the new T-100 data system, and the need to conduct more reviews of air carrier's data gathering, classification and reporting systems. As a result, these two additional positions are required in order to accomplish the basic, minimum level of work necessary to maintain useful aviation economic information and ADP services for DOT programs purposes. Local contractor staff is relied upon for recurrent, routine data administration and ADP support services.

Congress also funded continuation of an existing position not requested in 1989, to support the essential air service program.

OFFICE OF HAZARDOUS MATERIALS TRANSPORTATION

SENATOR LAUTENBERG: You are requesting an increase of $1,073,000 and 4 positions for the Office of Hazardous Materials Transportation (OHMT). RSPA plans to spend $700,000 of the increase to produce and distribute 1 million copies of the third Emergency Response Guidebook (ERG), which will be a revised version of the 1987 ERG (page DHM-11).

What has changed since then? How many new or revised items will be included?

ANSWER: Several additions, deletions and amendments were made to the internationally recognized list of 4-digit U.N. identification numbers for hazardous materials as a result of recommendations made by the United Nations Committee of Experts on the Transport of Dangerous Goods in December of 1988. New approaches to the calculation of evacuation distances have been developed and are being field-tested. Several working groups are currently revising the ERG's tables and text based on these and other developments in the field of hazardous materials transportation safety.

SENATOR LAUTENBERG: The cost for the 1990 ERG is up 30% over the cost of the 1987 ERG. Why? What about doing just a reprint of the 1987 ERG with an addenda for the new items?

ANSWER: The initial printing of the 1987 ERG was for 900,000 copies, which were produced and distributed for an average cost of $0.67 per copy. That number was used as the basis for RSPA's request of $800,000.

Original cost estimates for the 1990 edition of the ERG were also based on an initial printing of 900,000 copies. RSPA applied a growth factor of 33% to the average cost of the 1987 edition (to reflect, *inter alia*, recent substantial increases in the cost of paper) and thereby developed a unit cost estimate of $0.89 for the 1990 edition. This amounts to a total of approximately $800,000. More recent estimates indicate the cost may be 10% greater than the original estimates for 1990.

The ERG is unique. There is no other initial response guidance produced and widely distributed for use by the emergency services. The ERG is designed for quick reference using hazardous materials identification numbers or shipping names utilizing color coded sections for cross referencing to the correct response action guide page. Addenda are easily lost. They could also confuse responders attempting to use the ERG who might then use the wrong response guide page. Incorrect guidance during the initial phase of response could have catastrophic consequences.

SENATOR LAUTENBERG: Who else pays for portions of the ERG production or distribution cost?

ANSWER: The ERG is developed and revised in cooperation with representatives of other Federal agencies and a number of private sector organizations including the International Association of Fire Chiefs, the International Association of Fire Fighters, the International Association of Chiefs of Police, the Fire Marshals of North America, the National Fire Protection Association, the Chemical Manufacturers Association, the Institute of Makers of Explosives, and the Association of American Railroads. Although these organizations do not provide funding for the direct costs of producing and distributing the ERG, they do contribute substantial staff labor for joint workgroups on a broad range of tasks including improved response techniques, source term and dispersion analysis, harmonization of known guidance information and state of the art evacuation distance calculations.

A similar method of indirect support has been developed cooperatively by RSPA and the states in the form of an elaborate distribution network. The first edition of the ERG was distributed directly by RSPA and entailed an unacceptable commitment of direct labor resources. The demand on DOT warehouse space alone was sufficient to generate demands for a more efficient system. Under the current system, a state assumes the financial responsibility for distribution from central locations within the state to multiple state and local agencies. These cooperative efforts have the effect not only of lowering RSPA's distribution costs, but also of providing a much better record of which state and local entities have received the ERG.

SENATOR LAUTENBERG: Why has RSPA selected a three year cycle for revising the ERG?

ANSWER: The ERG relies on the 4-digit U.N. identification number assigned to each hazardous material. One reason for revising the ERG on a triennial basis is the pace of changes or additions to the list of U.N. numbers. Other regulatory changes, as well as the development of reliable new approaches to emergency response, require that RSPA confirm or revise the information provided in ERG at regular intervals. Given the time required to revise and redistribute the ERG, a three year cycle enables RSPA to ensure that a revised edition of the ERG is available when it is needed.

SENATOR LAUTENBERG: The Office of Hazardous Materials Transportation is responsible for regulating the safe transportation of hazardous materials by water, air, highway and railroad. OHMT is requesting an increase of $110,000 for the planning, analysis, and evaluation functions necessary to support OHMT's regulatory programs.

What specifically will the increased funding be used for? Please provide a detailed break down for the record.

ANSWER: The increased funding of $110,000 requested for FY 90 reflects the expanded level of effort necessary for OHMT to continue its planning, analysis, and evaluation programs as they pertain to the safe routing of nuclear materials. The FY 90 focus of these support programs will be: 1) the evaluation and update of the Department's guidelines for the highway routing of radioactive materials; 2) evaluation of the routing criteria applicable to rail shipments of radioactive materials; 3) determination of the need to establish additional Federal guidelines or regulations on route selection for shipments of radioactive materials; and 4) development of such guidelines or regulations, as appropriate.

SENATOR LAUTENBERG: How does OHMT distinguish its hazardous materials regulatory responsibility from other agencies, including the Coast Guard, FAA, FHWA and FRA? Please provide a detailed response for the record.

ANSWER: The Department of Transportation is responsible for issuing and enforcing necessary regulations to ensure the safe transportation of hazardous materials by all modes.

The Hazardous Materials Transportation Act (HMTA) provides the primary legislative authority for the Department's hazardous materials program. However, provisions of a number of other related statutes also guide the program. Included among these laws are the Dangerous Cargo Act of 1940, the Transportation of Explosives Act, Section 601(c) and 902(h)(1) of the Federal Aviation Act of 1958, the Tank Vessel Act of 1936, the Ports and Waterways Safety Act of 1972, the Federal Railroad Safety Act of 1970, Section 311 of the Federal Water Pollution Control Act Amendments of 1972, and the Resource Conservation and Recovery Act of 1976.

Within this legislative framework, the hazardous materials program is conducted through five of the Department's operating administrations under the leadership of the Research and Special Programs Administration (RSPA). The RSPA is responsible for coordinating departmental action to promote hazardous materials transportation safety. Within RSPA, the Office of Hazardous Materials Transportation (OHMT) develops and promulgates regulations of single and multimodal applicability governing hazardous materials definition and classification, shipper and carrier operations, and packaging and container specifications. This is accomplished in coordination with the modal administrations.

RSPA's regulatory responsibilities also extend to the enforcement of those regulations governing the manufacture, reconditioning, and retesting of specification containers, and the multimodal shipment of hazardous materials. The Department's other operating administrations retain mode-specific jurisdictional responsibility for enforcement, inspection, and compliance actions. The United States Coast Guard (USCG), the Federal Aviation Administration (FAA), the Federal Highway Administration (FHWA), and the Federal Railroad Administration (FRA) contribute to the development of substantive provisions of the regulations and conduct research and development programs on hazardous materials transportation safety issues. The USCG also promulgates and enforces regulations applicable to bulk transportation of hazardous materials by the marine mode.

SENATOR LAUTENBERG: OHMT enforces its regulations primarily through an inspection and enforcement staff. OHMT received, I believe, an increase of 4 inspector positions in 1989.
Are those positions filled?

ANSWER: The positions are not filled at this time. We expect the first of them to be filled by May 15. We have been actively pursuing qualified candidates, but the first two persons offered positions turned us down. One person declined because of the high cost of living in Washington, D.C.

SENATOR LAUTENBERG: How long does OHMT expect it will take them to fill those positions? What's the problem?

ANSWER: We had expected to fill these vacancies by the end of May. but we failed to anticipate the high rate of refusals. The principal difficulty has been in attracting qualified candidates. We have brought candidates in from out of town, at our expense, for interviews. It takes a certain combination of ability and temperament to be a hazardous materials inspector. It is OHMT policy to find the best candidates for these jobs and we have utilized the full range of recruitment techniques available to Federal managers to attract candidates. Many highly attractive candidates have been from outside the Federal civil service and have required formal certification of their qualifications by the Office of Personnel Management. We have requested OPM certification of such candidates and are awaiting those determinations before we can proceed.

SENATOR LAUTENBERG: The budget requests four additional inspection positions in 1990. Why should we provide funding for an additional 4 positions when the additional positions provided last year are not filled?

ANSWER: The additional positions requested for FY 1990 are needed for an enforcement program that is widely considered to be understaffed. Our difficulties in filling the additional positions authorized for FY 1989 is not due to lack of effort on RSPA's part. We are working diligently to fill our 1989 positions, balancing the importance of filling the vacancies quickly with the necessity of hiring qualified persons. We have offered jobs to three persons thus far. Only one has accepted. At a time when the state and local governments are also enhancing their hazardous materials enforcement programs, the competition for qualified inspectors is significant.

SENATOR LAUTENBERG: The four positions you are requesting represent an increase of 30% in staffing, but your request states that you will be able to increase facility inspections by more than 30%. Why does the number of inspections increase by a larger percentage than the increase in inspectors?

ANSWER: The inconsistency is one of appearance only. The four additional positions will bring the number of full-time inspectors up to 17. This is an increase of 30.8%. The number of facility inspections (one aspect of enforcement work) is expected to rise at an equivalent rate, i.e., more than 30%.

SENATOR LAUTENBERG: RSPA has been requested to prepare a report on the feasibility of creating regional offices for its hazardous materials inspectors. What is the status of this report? What is the delay? Why wasn't this initiative in your 1990 request? Please submit your report as soon as possible, so that the committee can review it prior to marking up.

ANSWER: RSPA has completed a draft of a report on "The Feasibility of Establishing Hazardous Materials Enforcement Field Offices." It is currently undergoing Departmental coordination and review. RSPA's preliminary findings are that the establishment of a small number of field offices, co-located with other DOT offices, would not only be feasible, but would also be a cost-effective way to substantially improve compliance with the Hazardous Materials Regulations.

SENATOR LAUTENBERG: The justification states that OHMT's planned, non-random inspection visits (to various hazardous materials facilities) are yielding non-compliance rates of 40-60%.

To which regulated entities do these non-compliance rates apply?

ANSWER: The rates of non-compliance were based on all inspection activity conducted by OHMT. There seems to be some confusion about the terms "planned" and "non-random". All OHMT inspections are "planned" in that, prior to departure to the field, an inspection trip is scheduled in Washington by development of an itinerary of companies to be inspected. The term "non-random", as applied to OHMT's inspections, connotes the presence of prior information, such a complaint, that a company may be in violation of the Hazardous Materials Regulations. The majority of the inspections conducted by OHMT are random.

SENATOR LAUTENBERG: What type of facilities are in the 40% category and which are in the 60% category?

ANSWER: The 40% non-compliance category applied to shipment observation inspections of import and export shipments conducted at port facilities; all of these inspections were random. Shippers of hazardous material had a 47% non-compliance rate. Packaging manufacturers were at the high end, with a 60% non-compliance rate.

SENATOR LAUTENBERG: What types of follow-up does this non-compliance record lead to?

ANSWER: The follow-up action upon discovering non-compliance is usually some type of enforcement action: a warning letter, a compliance order, or a civil penalty. We also issue advisory letters in instances where the non-compliance is not clear-cut or is very minor in nature.

SENATOR LAUTENBERG: Will the four additional inspectors you are requesting lead to higher rates of compliance?

ANSWER: With four additional inspectors, RSPA can increase the number of inspections it performs. The rate of compliance may not be affected significantly at first, but as more companies are inspected and more actions are taken to enforce the rules, this approach would lead to higher rates of compliance.

SENATOR LAUTENBERG: If the non-compliance rate for planned visits is 40-60%, what would the rate be if the visits were random?

ANSWER: The 40-60% rate of non-compliance was based on all inspection activity performed by OHMT. Inspections that are based on a complaint, or other information suggesting non-compliance prior to the visit, tend to yield noncompliance rates at the higher end of the range. Purely random inspections would tend to fall at the lower end of the range.

SENATOR LAUTENBERG: Under what circumstances do RSPA inspectors give regulated industry warning that they are not in compliance, instead of pursuing an enforcement action under the civil penalty provisions of the Hazardous Materials Transportation Act? Under what circumstances would RSPA likely pursue an enforcement action as a result of its first contact with a regulated entity? What is the usual penalty when violations are found during RSPA's first visit with a regulated entity?

ANSWER: In general, RSPA issues a Letter of Warning when it believes that the violations discovered during an inspection do not seriously affect safety. For example, RSPA's focus in all its inspection activity is packaging. If there are minor violations, for example, in the way a shipping paper is filled out, we will issue a Letter of Warning. RSPA also issues a Letter of Warning when it is unable to obtain evidence needed to take stronger action. This does not happen often, but a Letter of Warning at least establishes a prior history that may be useful in subsequent actions.

RSPA's policy is to pursue enforcement action whenever violations of the Hazardous Materials Regulations are discovered. If, the first contact with a regulated entity reveals violations, RSPA will: (1) issue a Letter of Warning for those considered to be minor; and (2) pursue a civil penalty or compliance order action for those considered to be serious.

If a civil penalty action is decided upon subsequent to an inspection, the amount of the penalty will depend on the nature of the violation(s). For example, a first-time violation involving the offering of a hazardous material for transportation in a nonspecification package generally carries a preliminary penalty of $2,000 to $3,500.

SENATOR LAUTENBERG: We understand from a study by the Congressional Research Service that about 65% of all hazardous materials releases are caused by human error and another 26% are caused by failure of the container in which the hazardous material is being transported.

Why has it taken over 2 years to write and prepare regulations regarding the training of materials handlers?

ANSWER: The Department's regulations currently require that persons involved in the transportation and shipment of hazardous materials be trained in the functions they perform. RSPA has developed a notice of proposed rulemaking which is intended to enhance these requirements by identifying those areas in which persons must be trained and requiring periodic retraining. The Congressional Research Service recognized, and the Department has found, that the diversity of positions, functions, and job circumstances in the hazardous materials industry compounds the difficulty of developing a comprehensive approach that meets all training concerns. The broad scope of this subject has also had the effect of complicating the process of regulatory coordination. Finally, competing claims for staff time by other rulemaking projects have further delayed this rulemaking action.

SENATOR LAUTENBERG: What is the status of these regulations?

ANSWER: A Notice of Proposed Rulemaking (NPRM) is currently undergoing Departmental review. It is currently expected that this NPRM will be transmitted to the Office of Management and Budget within the next month.

SENATOR LAUTENBERG: The Division of Federal, State and Private Sector Initiatives is currently funding an array of research projects and safety initiatives that should provide useful information and guidance to diverse segments of the hazardous materials community.

How effectively are these diverse projects being managed, given the minimum of professional staff in this division?

ANSWER: The professional qualifications of the staff are diverse and can be relied on to manage resources that include contractors, staff in other agencies, and national organizations. For example, the Federal, State and Private Sector Initiatives Division (FSPSI) is managing several reimbursable agreements with other Federal agencies. Through these agreements, FSPSI can provide overall management to projects being carried out by the Federal Emergency Management Agency and the Department of Energy. Additionally, the Hazardous Materials Advisory Council and the Chemical Manufacturers Association contribute staff resources to joint development of several programs.

SENATOR LAUTENBERG: Does your budget provide sufficient funds to ensure the widespread distribution of the results of these safety initiatives and research results to the users of this information?

ANSWER: We have never been refused funds for distribution of training aids and compliance information. As this part of RSPA's program has received increased emphasis, increased funding has been requested for distribution.

At least five distribution approaches are currently under consideration for their effectiveness. They are: (1) direct end user distribution for materials that have complex print specifications, such as the Emergency Response Guidebook and the Placard and Labeling Chart; (2) lending library for materials such as videotapes and exhibits; (3) hand-off to state agencies of "camera-ready" training materials which can be reproduced for multiple classes of students; (4) use of innovative technologies like nationally broadcast teleconferences that can be taped from television, computer software that can be reproduced on discs, and the Hazardous Materials Information Exchange; and (5) partnership arrangements with national organizations through which RSPA funds development costs while they commit to distribution at little or no cost to RSPA.

SENATOR LAUTENBERG: More specifically, how much of the $355,000 requested on page DHM-10 item 4d will be used to disseminate the results obtained from the safety initiatives funded?

ANSWER: Of the $355,000, approximately $100,000 will support information dissemination through the Cooperative Hazardous Materials Enforcement Development (COHMED) program, e.g., national conferences, regional workshops and publications by COHMED participants. COHMED enables RSPA to maintain regular contact with enforcement officers in 38 states. Another $100,000 is for the Hazardous Materials Specialist Program which provides a broad orientation for individuals who are moving up in the management of state hazardous materials programs.

SENATOR LAUTENBERG: Can you assure the Committee that future budgets will provide for the effective distribution of the information generated from the various projects and initiatives funded?

ANSWER: RSPA has consistently held the view that communication of risk is a key element in hazardous materials transportation safety. Similarly, broad dissemination of information is critical to protecting the public from the risks inherent in the transportation of hazardous materials. For this reason, RSPA considers information dissemination to be an essential element of its safety program. Without making any assurances as to the size of future budgets, RSPA can assure the Committee that a key objective of the hazardous materials transportation safety program will continue to be the broad distribution of general and specialized information.

SENATOR LAUTENBERG: The outreach work of RSPA's Division of Federal, State and Private Sector Initiatives is strengthening the Federal/state/local governmental partnership affecting the safety of hazardous materials transportation. Many state and local officials would want to ensure that this Division receives adequate funding. Nevertheless, no increase in funding is requested for this Division.

Why not? Would you provide, for the record, an analysis of prior year funding for this activity and state related expenditures.

ANSWER: The current program includes projects being funded from both FY 1988 and FY 1989 budgets, for a total of $1,594,000. Of this amount, approximately $860,000 is being expended in support of compliance and enforcement efforts and $734,000 in support of emergency planning and response. The amount requested for FY 1990 reflects RSPA's assessment of the resources needed to maintain the established quality of the program at the current high level of effort.

SENATOR LAUTENBERG: The FY 1989 budget contained $160,000 for RSPA to operate a limited system of registration for hazardous materials shippers. How were those funds used?

ANSWER: The FY 1989 budget of $160,000 for operation of a limited registration program was intended to fund the rulemaking effort and related costs of establishing a new regulatory program on the basis of H.R. 4069, a bill to amend the Hazardous Materials Transportation Act (HMTA). Unfortunately, the 100th Congress adjourned before it could take action to amend the HMTA. Rather than taking action in advance of a showing of Congressional intent, RSPA has deferred action with respect to registration of shippers. While the specific project for which the funds were requested has been suspended, they are being applied to the same safety objective. As state and local emergency response agencies become increasingly familiar with and reliant upon RSPA's Emergency Response Guidebook (ERG), the demand continues to grow. The funds RSPA requested for establishment of the registration program in FY 1989 have enabled us to provide copies of the ERG to all police, fire and emergency services personnel who need them.

SENATOR LAUTENBERG: What were the results of this program?

ANSWER: The registration program having been deferred, there are no results to report. However, the response to the increased availability of the Emergency Response Guidebook has been tremendous and has enabled RSPA to develop much better production and distribution plans for the 1990 revision of the ERG.

SENATOR LAUTENBERG: Why wasn't this effort continued in your FY 1990 request?

ANSWER: RSPA's request was premised on the assumption that the rulemaking process would have been completed and the system in place by FY 1990, in which case no further funding would have been necessary. As it turned out, the HMTA was not amended, the project was deferred and, therefore, no funds are needed in FY 1990.

SENATOR LAUTENBERG: During FY 1989 $200,000 was appropriated to perform commodity flow analyses on selected hazardous materials transportation modes.

For the record, please detail the specific accomplishments and benefits that resulted from this expenditure.

ANSWER: RSPA is nearing completion of a report designed to present a national overview of the transportation patterns of hazardous materials shipped by rail. The report, consisting of two separate documents, will provide comprehensive quantitative data (e.g., tons, carloads, ton-miles) on the movement of hazardous materials by rail, benchmark information on the aggregate volumes shipped in a single year (1987) and maps illustrating the regional distribution of a number of specific hazardous materials. A companion study of the transportation patterns of hazardous materials by highway was completed last year, and is now being updated. The information provided by these reports has a wide range of benefits; these include: 1) assisting in the formulation and development of regulatory, compliance and enforcement programs and priorities, and in assessing their effectiveness; 2) providing more meaningful and comprehensive data to improve the accuracy of cost/benefit and system safety analyses; 3) and enhancing the utility of the hazardous materials incident data base.

SENATOR LAUTENBERG: How is the information generated being used by specific state or local governmental entities?

ANSWER: RSPA anticipates that the information provided by these reports will be utilized by State and local governments primarily to enhance their emergency response planning and preparedness programs. It will also enhance their understanding of the scope and nature of the risks associated with the transportation of hazardous material through their jurisdictions by identifying the frequency and the principal transportation patterns for such shipments. This information will also aid State and local governments in setting priorities for their inspection and enforcement programs by providing a basis for targeting materials which are transported in high volume and along high density corridors. RSPA has taken a two-pronged approach to the establishment of a commodity flow information system. One approach has been to conduct baseline and specialized studies of national and interregional commodity flow patterns. Our second approach has been to provide technical assistance to state and local governments both in the performance of hazardous materials commodity flow studies and in the interpretation of the results of such studies.

SENATOR LAUTENBERG: What was learned about how to use this commodity flow data?

ANSWER: Although the integration of hazardous materials flow information is at a comparatively early stage of development, we have learned that national data and information resources may be too broad and general in nature to provide state and local governments with data at the level of detail that is desired for planning and emergency response purposes. This is underscored by the fact that a number of commodity flow studies have been and are being conducted by state and regional governments. However, we encourage and support such studies because states are in the best position to determine the scope and content of the information on hazardous materials flows that is of particular interest to them. Only with great difficultly and expense could a Federal program be designed and implemented that could satisfy the diverse interests of state and local governments on commodity flow patterns within their jurisdiction, particularly on a route-specific basis.

SENATOR LAUTENBERG: Have you developed guidelines on how states and local governments could use targeted commodity flow data?

ANSWER: We have reviewed five commodity flow studies that have been conducted by state and regional governments, and have found that they differ substantially with respect to scope and methodology. Having evaluated the different approaches developed in these studies, we are preparing a technical primer for state and local governments on how best to perform a commodity flow study and make practical use and supplement the information they obtain, especially in terms of the data contained in the Hazardous Materials Information System (HMIS). We plan to introduce this methodology in a nationally broadcast teleconference in October, and we expect that it will become part of the hazardous materials contingency planning course being sponsored jointly by DOT, FEMA and EPA. Further distribution is planned through the Chemical Manufacturers Association's TRANSCAER program, a regional effort aimed at improving communication between the industry and emergency responders.

OFFICE OF RESEARCH AND TECHNOLOGY

SENATOR LAUTENBERG: The Office of Research and Technology (ORT) is requesting an increase of $81,000 in 1990 for the operation of a document dissemination center for technology transfer products (page ORT-3). Primary funding for this activity has previously come from other operating administrations in the Department.

Why do we need to shift this dissemination and technology transfer activity from other operating administrations to RSPA? Are offsetting reductions proposed for the other operating administrations? Please provide details for the record.

ANSWER: The only "shift" in activity which has occured is that in 1987 the Department's centralized Technology Sharing program was relocated from the Office of the Secretary to the Research and Special Programs Administration in response to Congressional direction in the Conference report on the FY 1988 budget. This program office has had responsibility for centralized dissemination and technology transfer activities dating back to the early 1970's. The program was initiated in response to complaints by state and local elected officials that the results of DOT research which were relevant to their problems were not available in a form which they could understand and apply.

The program has evolved in close cooperation with the operating administrations, and complements--but does not duplicate--their efforts. Program staff work with operating administration staff to highlight ongoing research which addresses key state and local concerns, packages it in a useful and relevant format, and then disseminates it nationally. In addition, program staff review innovative state and local research products for national applicability and then, with the cooperation of the originating jurisdictions, disseminate it to their peers nationwide.

These separate and distinct efforts go on in parallel with the operating administration efforts, or in some cases are fully integrated as part of a Departmental outreach strategy on key products. In these cases, the administrations often transferred funds to the core program to support consolidated dissemination activities. These funds supplemented direct program funding and were not the primary funds. This is not a new program and thus no offsetting reductions are warranted for the other operating administrations.

When the transfer from OST to RSPA was implemented, a number of operational support items available through OST became unavailable to the Program, and direct funding of these items became necessary. In addition, cuts in the operating administration direct budgets lessened the possibility of fund transfers to support joint projects. The review and dissemination of innovative state and local products has always proceeded on direct program funding.

State and local users have grown to depend on this channel, and the $81,000 is requested to maintain document distribution functions which are ongoing: this represents a continuing part of our compliance with the Congress' direction on program location and operation.

SENATOR LAUTENBERG: How will this dissemination effort relate to the efforts of the National Technical Information Service?

ANSWER: All products disseminated since the Technology Sharing program began operations in the early 1970's have been input (except when impossible due to copyright limitations on products) to the National Technical Information Service. This is done to assure their long-term and archival availability to the research community and other users after initial dissemination of a product is completed.

When a product is printed for dissemination through Technology Sharing, only some 1500-2500 copies are made. A series of short "white card" announcements are also prepared, and distributed in bulk. These "white cards," which provide a concise summary of the content of the document, allow the recipients to decide whether the material may be useful to their needs. It is only after they respond to the "white card," by sending us a self-addressed mailing label, that we send the material. This assures that the reports are being sent to jurisdictions who really want and need them.

This "free distribution on request" is particularly critical, since many of the program's users come from small jurisdictions with limited budgets, who would be forestalled from buying a product because it cost too much. In large jurisdictions, the administrative costs associated with processing a purchase order are sometimes more than the cost of reports themselves.

The National Technical Information Service (NTIS) is not viable as a source for many users due to cost considerations. The NTIS is mandated by law to cover its costs from revenues. It therefore has to charge fairly steeply for its popular products to support the large number of reports it must process which sell only a few copies. As a result of this steep price scale, many users are deterred from using them as a documentation source.

The approach which has evolved -- distributing an initial printing nationally to users who request documents, then turning to NTIS as a source after the printing has been exhausted -- has worked well. The Program's "out of stock" letters include accession data on each report from NTIS, its price, and directions on how to order the publication, so that users who really want to obtain documents can always do so through NTIS. The users who have received the reports already typically would not have used NTIS as a source, so the distribution has only minimal impact on NTIS' market for the document in the long-term.

OFFICE OF PIPELINE SAFETY (OPS)

SENATOR LAUTENBERG: Funding for the operations of the Office of Pipeline Safety is proposed for an increase of $448,000 (or +11%) in 1990. Additionally, an increase of 3 positions is proposed for pipeline safety enforcement.

$201,000 of the proposed increase is for developing a DOT/National Fire Prevention Association (NFPA) training course to be entitled "Handling Pipeline Transportation Emergencies". Will NFPA pay any of the cost? Why not?

ANSWER: Generally, NFPA is reluctant to participate in the funding of projects which can not be copyrighted because the product is in the public domain; the situation which exists with federal funding of a project.

We are requesting three positions to provide pipeline safety enforcement training at the Department's Transportation Safety Institute. The positions would allow RSPA to meet pipeline safety training requirements and requests, and assure more timely updating of training documents. One of these documents is entitled "Handling of Pipeline Transportation Emergencies." We have reviewed the 1979 DOT/National Fire Prevention Association (NFPA) course and determined that it is not adequate as an effective training tool for fire departments and other emergency response agencies because it does not adequately distinguish between responses to gas and hazardous liquid emergencies. Accordingly, a new course will be developed to fill this gap in emergency response training. This training material is necessary in view of the emphasis OPS regions and state agencies are giving to emergency planning and response training as well as to augment the emergency response information available for other modes of transportation of hazardous materials. Partial funding of the course development by NFPA has been discussed but no decision has been made.

SENATOR LAUTENBERG: GAO has just completed a review of the inspection cycle for the natural gas and hazardous liquid pipeline safety program. Their review focused on: (1) whether the pipeline inspection cycle (of analyzing every pipeline every 2.5 years) is based on a sound assessment of risk; and (2) whether the Pipeline Inspection Priority Program (PIPP) will enable the agency to identify pipelines with the greatest potential safety risk.

One of GAO's conclusions was that the Office of Pipeline Safety (OPS) did not analyze pipeline safety risk to determine the 2.5 year inspection cycle, but instead derived the cycle through a workload analysis. Is this accurate? Shouldn't your inspection cycle be geared to risk?

ANSWER: RSPA disagrees with GAO's conclusions that OPS did not analyze pipeline safety risks to determine its average inspection cycle. RSPA did consider the number of pipeline accidents in establishing the 2.5 to 3 year inspection cycle. Based on the number of pipeline units and existing staff resources, and the number of pipeline accidents occurring in an average year, RSPA determined that the above inspection cycle was adequate.

In addition, RSPA has provided guidance to regional staff in its Enforcement Manual on how to characterize pipeline units relative to safety risks. The Regional Chief has the flexibility of inspecting units more frequently than the average 2.5 year interval if the Chief determines that public safety warrants it. This flexibility has always been the policy of RSPA/OPS.

Further, RSPA intends, after fully field testing the PIPP program, to use the program as a management tool in determining the appropriate inspection intervals.

SENATOR LAUTENBURG: OPS recently estimated that its inspectors performed 344 comprehensive pipeline inspections in 1988. During last year's appropriations hearings, you indicated that you planned to inspect 480 pipeline units in FY 1989. The 1989 target represents nearly a 40% increase over last year's workload.

How do you anticipate achieving your FY 1989 unit inspection target, given that you were only able to complete 344 inspections last year? Are you on schedule to meet your 1989 target?

ANSWER: RSPA is not on a schedule to complete 480 comprehensive inspections for 1989. In the past few months, there have been a number of major OPS accident investigations.

In addition, OPS plans a special comprehensive inspection of the Alyeska pipeline system in the Summer of 1989. This special inspection will utilize three staff engineers and a regional chief and will take up to a month to complete. The above will cause a reduction in the number of scheduled comprehensive inspections.

SENATOR LAUTENBURG: What modifications, if any, do you anticipate making to your inspection guidelines to achieve the 480 inspections? Or, do you anticipate having to make adjustments to the target?

ANSWER: RSPA is not adjusting, at this time, its inspection guidelines. If there are several major accidents requiring a significant amount of inspector time, the current guidelines allow the average interval between inspection of each unit to average 3 years. This flexibility allows RSPA to reduce the target of 480 comprehensive inspections in a given year and still achieve its overall target of inspecting all units within a 3 year interval. RSPA will evaluate the need to make adjustments to its inspection guidelines in 1990 after all units have been inspected.

SENATOR LAUTENBURG: What impact will meeting the 480 unit inspection target have on inspectors' abilities to perform other compliance activities such as follow up inspections on non-compliant pipeline operators or inspections of pipeline construction projects (particularly relevant to RSPA's Eastern region, where construction of approximately 800 miles of new natural gas pipeline is scheduled)?

ANSWER: RSPA clarified to all inspection staff and regional chiefs at an "All-Hands" meeting held in January 1989 that the current goal of inspecting all inspection units in 2.5 years does not eliminate flexibility. We intend to assure scheduling flexibility and that major unplanned activities, such as investigation of major accidents, will take priority. The regions were instructed to document the time spent on accident investigations, construction projects, and other time consuming projects. In addition, the regional staff was reminded that the comprehensive inspection of a unit, on the national average, is taking approximately 2.5 days. However, it was stressed that this is an average figure; some units will take more time, some will take less and that it was never intended that all comprehensive inspections must be completed in 2.5 days. RSPA's target for an average year is to have each inspector perform 32 comprehensive inspections. Based on past history, it was taking on an average, approximately 2.5 days to perform an inspection. RSPA's goal is to have its inspectors in the field 50% of the working days. This is approximately 110 days per year. Therefore, an inspector would spend 80 days on comprehensive inspections. This would allow 30 field days for follow up inspections, specialized construction inspections, public complaint investigations, special studies, and training.

Of course, if there are an unusual number of accidents, special studies, major construction projects, or other time consuming projects, our target of performing 480 inspections (15 inspectors X 32 comprehensive inspections) would not be achieved in a given year. If, for example, we inspect all inspection units on the three year interval, based on a total of 1,113 units, each inspector would need to average 25 comprehensive inspections in a year to achieve the target. Based on the flexibility built into our inspection goals, we believe that our current target allows the inspectors to adequately perform their other inspection duties.

There are a number of planned major construction projects to bring additional gas into the Northeastern states. The Eastern Region office will be able to devote adequate inspection time to ensure that these pipelines are built to the pipeline safety code.

In addition, OPS will allow the Vermont Department of Public Service to act as temporary Interstate Agent to inspect the construction of the Champlin pipeline in Vermont. OPS would consider making similar arrangements with other states, if requested by the state agency participating in the pipeline safety program.

SENATOR LAUTENBURG: How many pipeline unit inspections do you anticipate completing in the first half of this fiscal year? How many pipeline units do you plan to inspect in FY 1990?

ANSWER: In the first half of fiscal year 1989, OPS has performed 139 inspections. This number is lower than expected mainly due to large amounts of time spent on accident investigations and related follow up actions in the Southwest and Central regions. OPS traditionally performs fewer inspections in this period than in the second half of the fiscal year. OPS expects to conduct a significantly greater number of comprehensive inspections the second half of FY 1989.

OPS has a target of inspecting 480 units in FY 1990. However, at this time, it is too early to determine if this target will be met.

SENATOR LAUTENBERG: When OPS developed its inspection cycle, was consideration given to any variances in pipelines' potential safety hazards (or safety risk) that might be indicated by the accident or compliance history of a pipeline operator or unit? Was consideration given to the locations of high-risk pipeline units and the implications that might have on regional inspection staffing levels?

ANSWER: RSPA has established a target of inspecting all onshore inspection units once every 2.5 to 3 years. Using the above targets for frequency, each Region annually develops an operator inspection program based on consideration of the following criteria:

1. Known safety problems.
2. Available resources.
3. Results of past inspections.

4. Population at risk.
5. Analysis of data available from accident and annual reports and other sources.
6. Travel effectiveness.
7. Operator competence.
8. Need for follow up on Compliance Orders.
9. Other program priorities.
10. Master meter operators will be scheduled for inspection only upon receipt of a complaint or knowledge of a safety problem.

In addition, the regions use the Pipeline Inspection Priority Program (PIPP) as a management tool in the analysis of data available from operator accident and annual reports to help identify operators that may need to be inspected on a more frequent basis. The Region Chief has the flexibility to inspect pipeline units more frequently than the standard 2.5 to 3 year interval if pipeline safety warrants it.

SENATOR LAUTENBERG: OPS's Pipeline Inspection Priorities Program is intended to provide regional offices with information on the potential safety hazards and safety histories of pipeline companies and units which inspectors can then use to establish their unit inspection priorities.

Do you plan to use this information to assess whether your 2.5 year cycle is appropriate for all 1,100 units?

ANSWER: RSPA has concentrated on the implementation and testing of the PIPP program. After RSPA has had the opportunity to fully evaluate and field test the program, RSPA will use this computer based program as an important element in its evaluation of inspection intervals.

SENATOR LAUTENBERG: Given that the pipeline inspection priorities program was originally scheduled to be implemented in 1987 and now is scheduled for implementation in 1990, what steps is OPS taking to assure that the 1990 timeframe will be met?

ANSWER: OPS did implement the initial computer run of Phase I in FY 1987 and distributed the program to the region for comment. Phase I, which utilizes data from pipeline annual reports and incidents reports was in use in FY 1988. Phase II, which utilizes pipeline unit inspection and enforcement data, initial computer run was in November 1988 and distributed to the Regional Offices. The enforcement data entry for Phase II is not complete and some computer programming problems need to be resolved.

RSPA will continue to expedite the development of PIPP. RSPA is in the process of hiring a senior engineer who will have as a major assignment, the continuing development of PIPP. RSPA believes that this additional engineering support will strengthen this program.

RSPA is developing its enforcement data base for Phase II for federal use with PIPP in FY 1989.

SENATOR LAUTENBERG: When will the program provide information to the regions that will be useful in establishing their pipeline inspection priorities?

ANSWER: Phase I of PIPP is currently being utilized by the regional offices as a management tool in establishing pipeline inspection priorities. Phase II will not be fully implemented until 1990.

SENATOR LAUTENBERG: Given that you have reported that the pipeline industry is a relatively safe industry, what impact do you anticipate the pipeline priorities program having on the way inspectors conduct their inspections?

ANSWER: PIPP Phase I provides readily accessible data regarding operators' system's material makeup, leak history, corrosion control program, and accident history. The program provides a ranking system which compares similar operators. The Regional Offices utilize this information in setting inspection priorities. In addition, inspectors use the information to target areas for concentration during an inspection such as corrosion control, if an operator is reporting an unusual number of corrosion leaks.

Phase II will allow the inspector access to the inspection history and enforcement history of specific units ensuring that all relevant material is reviewed before an inspection is performed.

SENATOR LAUTENBERG: Another GAO finding is that insufficient computer training is being provided to regions to enable them to use the pipeline safety data to develop the appropriate unit inspection priorities. How does your 1990 budget address this problem?

ANSWER: RSPA is in the process of hiring a senior engineer in FY 1989 whose responsibilities include maintenance and further development of PIPP. This includes providing additional instructions on the use of PIPP to the regional offices. RSPA is not requesting additional money for PIPP in the 1990 budget.

SENATOR LAUTENBERG: The major cause of pipeline accidents is outside damage force -- that is, the pipe being ruptured by a blow from the outside, such as from construction or excavation equipment. What steps have OPS taken to address this specific problem?

ANSWER: We have regulations in place that require operators of gas pipelines in populated areas to conduct or participate in an excavation damage prevention program. Under this program, operators receive notices of planned excavation and then temporarily mark the location of any buried pipelines they have in the area of excavation. Some program requirements may be met through participation in one-call systems.

In addition, both gas and liquid operators are required to install permanent line markers at designated locations along their pipelines to warn excavators of the presence of an underground pipeline.

In a notice of proposed rulemaking published last year (53 FR 24747), we proposed to expand the damage prevention program rule to cover gas pipelines in rural areas, hazardous liquid pipelines, and to remove an exemption from line marking in populated areas that was granted previously to gas pipeline operators. A final rule is expected in June 1989.

During 1989, we will propose regulations for the establishment and operation of one-call notification systems. The regulations will apply to adoption of one-call systems by states. In accordance with Section 303 of the Pipeline Safety Reauthorization Act of 1988, after the regulations take effect, states that do not adopt such a system may not receive the full grant-in-aid funds to which they would otherwise be entitled.

We have also begun to study the feasibility of regulating persons whose excavation activities may affect pipelines. The results of this study will be transmitted to Congress later this year.

SENATOR LAUTENBERG: I understand that liquid pipeline operators are not covered by regulations which require operators to establish or participate in excavation damage prevention programs. Why not?

ANSWER: The rule requiring pipeline operators to conduct or participate in an excavation damage prevention program was adopted originally for gas pipelines in populated areas because these pipelines, mostly gas distribution lines, were seen as benefiting the most from such programs. We studied the costs and benefits of extending the rule to cover all gas pipelines and hazardous liquid pipelines. Last June, after completion of that study, we published proposed rules that would extend the existing rule to cover liquid pipelines. The final rule should be published in June 1989.

SENATOR LAUTENBERG: Regarding intermodal transfer facilities, I understand that DOT Safety Review Task Force has recommended that RSPA address intermodal transfer operations involving pipelines which are not currently covered by regulation. For example, the Coast Guard requires companies to meet waterfront facility safety requirements, and RSPA requires operators to meet the pipeline safety requirements for transporting material to the terminal transfer facility. However, no Federal regulatory program includes the pipe and other connections between the storage tank and the loading tank (except for LNG, which is covered).

Why hasn't RSPA amended its regulations to cover safety requirements for hazardous materials transportation operations at intermodal facilities?

ANSWER: As a result of recent rulemaking recommendations by NTSB (I-88-1 and 2), RSPA is assessing the need for additional regulations governing intermodal facilities. These facilities which usually include tanks and piping are used to transfer hazardous liquids between any of the various modes of transportation; marine vessel, aircraft, motor carrier, railroad, and pipeline. This assessment includes a review of authorities under the Pipeline Safety Acts, the Hazardous Materials Transportation Act and other Federal statutes to identify gaps in regulations and statutes related to operation of intermodal facilities. We will consult other DOT modes, such as the Coast Guard, the Federal Highway Administration, and the Federal Railroad Administration, as well as other Federal agencies, such as the Environmental Protection Agency and Occupational Safety and Health Administration, which may have interests or responsibilities in intermodal facilities. It will also be necessary to evaluate budgetary requirements. Following this assessment, RSPA will be able to recommend appropriate actions which may include Memorandum of Understandings, regulations and/or legislative initiatives.

SENATOR LAUTENBERG: The Safety Task Force also recommends that RSPA devote more staff time to participation in industry meetings and to assuring that the regulatory incorporation by reference be updated in a timely manner.

Does your 1990 budget propose funding for such activities? Why not? What would be required to comply with the recommendation?

ANSWER: At the time the Task Force report was prepared, the Federal pipeline safety standards incorporated by reference portions of 61 different documents containing standards and specifications developed and published by private organizations, such as the American Society of Mechanical Engineers. Generally, each of the documents is managed by a special committee of that organization, which proposes changes to the document reflecting improvements in materials, manufacturing processes, technology, and safety practices. For some of the referenced documents, revisions result in the issuance of new editions as frequently as once a year, and sometimes more often. RSPA established in 1986 a technical project evaluating the need for all industry standards incorporated in the pipeline safety regulations. The evaluation was completed and the standards were categorized: (1) no longer needed, (2) replace with performance language, or (3) needed. We continue to carry out the changes recommended by the study through rulemakings. In regard to those standards remaining (item 3), we are able to act in a more timely fashion in reviewing and updating the listed editions.

As part of the review process, in February 1989, we amended the gas and liquid pipeline safety standards to remove 23 different referenced documents pertaining to materials no longer in general use for gas or liquid pipelines, and to add a new performance standard for valves (54 FR 5625). We have also identified essential references involving pipe materials and welding, scheduled rulemakings to update them, and assigned staff to keep up with changes.

RSPA will keep abreast of technological changes by having staff attend industry seminars and conferences, and participate as members or observers in industry standards committees. RSPA intends to focus participation in those industry groups setting consensus standards based on their evaluations of new technologies and methodologies for pipeline systems.

The FY 1990 budget request includes allowance for costs associated with staff attendance at industry seminars, meetings and conferences.

SENATOR LAUTENBERG: For the record, please provide a detailed list of all recommendations from the Safety Task Force, along with an assessment of resources required to respond.

ANSWER: See Attachment.

SAFETY REVIEW TASK FORCE
REVIEW OF THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION'S PIPELINE SAFETY PROGRAM

Federal Regulatory Program

Recommendation 1

RSPA should closely monitor the pipeline industry to keep abreast of technological changes and changes to the operating environment to assure that decisions concerning Federal program direction and strategies take account of and are consistent with developments in the industry.

Plan

RSPA will reassess its ongoing program to keep abreast of technological changes by having Office of Pipeline Safety (OPS) staff attend industry seminars and conferences, and will participate as members or observers in industry standards committees. RSPA intends to focus participation in those industry groups setting consensus standards based on their evaluations of new technologies and methodologies for pipeline systems.

Schedule

The reassessment of OPS staff assignments and the development of a committee membership list will be completed in April 1989.

Recommendation 2

RSPA should expedite issuance of regulations, required by the Pipeline Safety Reauthorization Act of 1988, requiring that new pipeline and substantial replacement of existing pipe be constructed so as to accommodate pigs. In addition, RSPA should establish criteria for determining when pigging of pipelines is necessary.

Plan

RSPA considers the issuance of this regulation to be significant and the necessary developmental actions are underway. Also, RSPA will develop the criteria for determining when or at what intervals smart pig inspection of pipelines is necessary. The initial action will be to collect data from responses we receive to a request for information published in the Federal Register.

Schedule

The information request will be published in March 1989. Thereafter. a Notice of Proposed Rulemaking (NPRM) for the design of gas and hazardous liquid pipelines will be published in April 1990 following the completion of the study of criteria for running instrumented pigs.

Recommendation 3

RSPA should develop criteria to determine how often and under what conditions hydrostatic testing to assess pipeline strength and integrity is necessary.

Plan

RSPA has initiated a rulemaking to require a sufficient strength test for hazardous liquid pipelines. The primary need is in regard to hazardous liquid pipelines constructed prior to 1970, particularly where hydrostatic tests were not performed. RSPA believes that in order to establish criteria for retesting, an initial baseline test should be performed. RSPA staff continues to discuss with industry leaders and pipeline research organizations (such as Battelle Laboratories) the development of a model to establish criteria for retest intervals on pipelines. Currently, such a model is beyond the state-of-the-art. We will continue to consult with the industry researchers and with Congress to assure that research continues on this issue.

Schedule

An NPRM is currently being coordinated within RSPA and will be in OST by March 1, 1989. The final rule on this regulatory project is expected to be published by April 1990.

RSPA is evaluating means of collecting modelling research data which will be coordinated with the National Institute of Standards and Technology (NIST). This research is likely to have long term budget implications.

Recommendation 4

RSPA should develop criteria for the use of automatic and remotely controlled valves on hazardous liquid pipelines.

Plan

RSPA will consider the efficacy of automatic and remotely controlled valves on hazardous liquid pipelines as part of its overall study of the safety, cost, feasibility, and effectiveness of requiring operators of pipeline facilities to install emergency flow restricting devices in existing and future pipeline systems in varying circumstances and locations.

Schedule

The study, including the establishment of criteria, will be completed in November 1989.

Recommendation 5

RSPA should expedite its rulemaking to clarify the definition of gathering lines.

Plan

RSPA continues to examine data relevant to the development of an equitable definition clarifying the determination of gas gathering lines and will publish an NPRM.

Schedule

The NPRM will be published in September 1989.

Recommendation 6

RSPA should reassess the blanket exemption from safety regulations for hazardous liquid pipelines that operate at less than 20 percent of their specified minimum yield strength and should initiate rulemaking to revoke the exemption in whole or in part.

Plan

RSPA agrees with this recommendation and will solicit sufficient information in its ongoing comparability review of hazardous liquid and gas regulations. We will solicit sufficient information through a technical study and an ANPRM to establish a basis for rulemaking.

Schedule

RSPA has been reviewing and comparing hazardous liquid and gas regulations. We agree with the recommendation and will develop sufficient information through a technical study and an ANPRM to establish a basis for rulemaking.

Recommendation 7

RSPA should continue to monitor the safety performance of terminal storage tanks and consider developing Federal standards if necessary.

Plan

RSPA continually monitors the safety performance of terminal storage tanks and is currently studying the issue. RSPA has proposed that EPA, Coast Guard, and OSHA evaluate the need for an MOU for certain storage tanks. (Copies of letters with EPA and NTSB are attached as an Appendix.) RSPA is also awaiting the completion of an inventory of terminal storage tanks underway by the American Petroleum Institute. Following these actions, RSPA will discuss appropriate policy with the Secretary. Based on the policy decisions, RSPA will evaluate its budgetary requirements.

RSPA will also propose a rulemaking to provide more specific regulations for designing and maintaining breakout tanks which it currently regulates. This rulemaking would provide a basis for similar rulemaking on terminal tanks should that become necessary.

Schedule

RSPA will conduct a study to evaluate the jurisdictional, safety and environmental considerations regarding terminal storage tanks by May 1989. RSPA will then meet with the concerned agencies by September 1989 to discuss if an MOU is needed.

Recommendation 8

RSPA should monitor the transportation by pipeline of hazardous liquids not currently covered by the Federal regulations and consider expanding regulatory coverage if changes in volume and distance transported and accident rates become significant.

Plan

RSPA will continue to monitor other types of hazardous liquid pipelines for potential need of regulation. RSPA will issue an NPRM to regulate carbon dioxide. RSPA completed a study in 1988 and found that there were no other nonregulated hazardous liquid pipelines of sufficient volume or distance to warrant federal regulation.

Schedule

The monitoring is ongoing. The NPRM to regulate carbon dioxide pipelines will be issued by July 1989.

Recommendation 9

RSPA should expedite its rulemaking to extend the requirement that operators participate in outside force damage prevention programs to hazardous liquid pipelines.

Plan

A final rule requiring all operators of hazardous liquid pipelines to establish damage prevention programs is being handled on an expedited basis.

Schedule

The final rule will be issued in May 1989.

Recommendation 10

RSPA should routinely participate in industry meetings that develop and update consensus standards and assure that regulatory incorporations by reference are updated in a timely manner. In addition, RSPA should consider alternatives that will allow industry to utilize the most recent editions of the standards such as a general regulatory provision allowing such use or elimination of incorporations of consensus standards and replacement with general performance requirements.

Plan

Refer to the response to Recommendation 1 above. Also, RSPA established in 1986 a technical project evaluating the need for all industry standards incorporated in the pipeline safety regulations. The evaluation was completed and the standards were categorized: (1) no longer needed, (2) replace with performance language, or (3) needed. We continue to carry out the changes recommended by the study through rulemakings. In regard to those standards remaining (item 3), we are able to act more timely in reviewing and updating the listed editions. For example, we are in the process of updating reference standards for API 1104 (Welding) and API 5L (Pipe Manufacturing).

Schedule

The schedule is ongoing; however, the examples (API 1104 and API 5L) will be updated in rulemakings to be completed in April 1989 and December 1989, respectively.

Federal Enforcement Program

Recommendation 1

RSPA should complete its planned 2.5-year inspection cycle for all pipeline facilities, and revise it to account for differences among systems based on the results of the initial inspections and field staff recommendations.

Plan

RSPA has instructed its regional offices to analyze its staff time and to document where nonscheduled comprehensive inspection time must be devoted for special projects, accident investigations, citizen safety complaints, Congressional inquiries, computer data entry work, and other regional projects. RSPA will complete the planned 2.5-year inspection cycle and analyze the results and the above data and make adjustments, if necessary.

Schedule

The first 2.5-year cycle will be completed in the first quarter of 1990.

Recommendation 2

RSPA should make clear to the field staff that the pipeline inspection formula is not meant to eliminate flexibility in the time allotted for individual facility inspections and that the regional chiefs are permitted to modify the formula where necessary to assure that time is available to inspect all types of pipeline facilities.

Plan

RSPA clarified to all inspection staff and regional chiefs at an "All Hands" meeting held in January 1989 that the current goal of inspecting all inspection units in 2.5 years does not eliminate flexibility. We intend to assure scheduling flexibility and that major unplanned activities, such as investigation of major accidents, will take priority. The regions were instructed to document the time spent on accident investigations and other time consuming projects. In addition, the regional staff was reminded that the comprehensive inspection of a unit, on the national average, is taking approximately 2.5 days. However, it was stressed that this is an average figure; some units will take more time, some will take less and that it was never intended that all comprehensive inspections must be completed in 2.5 days.

Schedule

Quarterly Regional Chief meetings will be supplemented by bi-annual "All Hands" meetings.

Recommendation 3

RSPA should expedite its important effort to develop a computer program to guide pipeline inspectors in establishing inspection priorities, the Pipeline Inspection Priority Program (PIPP).

Plan

RSPA has implemented the first phase of PIPP which utilizes annual report and incident data. The second and final phase of this program will aid in prioritizing the inspection of units based on utilization of inspection and enforcement history.

RSPA will continue to expedite the development of PIPP. RSPA is in the process of hiring a senior engineer who will have as a major assignment, the continuing development of PIPP. RSPA believes that this additional engineering support will strengthen this program.

Schedule

RSPA is developing its enforcement data base for federal use with PIPPs in FY 1989 and intends to initiate the state portion in FY 1990.

Recommendation 4

RSPA should further improve coordination among all involved enforcement offices in the field and at headquarters to assure that the complete history of a company is known and action taken to correct deficiencies and should continue aggressively to impose civil penalty sanctions for violations of the safety regulations to effectively deter non-compliance.

a. RSPA should develop specific guidelines for submission of proposed enforcement actions, with supporting documentation, to the headquarters enforcement staff and the Chief Counsel's office for review and evaluation.

Plan

RSPA's Office of Pipeline Safety and Chief Counsel offices are in the process of developing specific guidelines for submission of proposed enforcement actions.

Schedule

RSPA expects to have guidelines in place on an interim basis in the Spring of 1989 and to have these guidelines formalized in the Summer of 1989.

b. RSPA should develop internal guidelines that establish the type and severity of sanction to be levied for specific violations of the safety regulations and set forth requirements for adequate documentation of cases.

Plan

RSPA's Pipeline Safety and Chief Counsel offices are in the process of developing guidelines establishing the type and severity of sanctions within the parameters of the required considerations of the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act. The Chief Counsel's office will provide the Office of Pipeline Safety guidance for areas where additional documentation is needed.

Schedule

The documentation guidance will be completed and informal guidelines for civil penalties will be formalized in the Summer of 1989.

c. RSPA should create a central enforcement file that will include enforcement histories of all pipeline operators so that this information is readily available to the headquarters staff as it evaluates proposed sanctions.

Plan

RSPA will establish a central enforcement file that will include enforcement histories of all pipeline operators. The ultimate goal of this project will be to computerize the data and make it readily available via the personal computer network (each enforcement staff's work station). We will begin the evaluation of the requirements for this project upon the hiring of the enforcement engineer which is underway.

Schedule

The project requirements will be identified in FY 1989 with implementation to begin in FY 1990. We expect this to have resource implications which may exceed our FY 1990 budget request. We will request appropriate resources in our FY 1991 and FY 1992 budget proposals.

Federal/State Cooperative Program

Recommendation 1

RSPA should work with the state pipeline safety officials to develop options for modifying the grant-in-aid allocation formula to provide greater incentives for states to upgrade their programs.

Plan

In years 1971 to 1980, there were adequate appropriations to fund all programs at the 50 percent level. The first allocation formula was developed in 1981 to equitably distribute the appropriated funds which were less than required for 50 percent funding. In 1983, a modified formula was used as recommended by the National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Gas Pipeline Safety. A further modification of the grant program to provide incentives to improve state program performance and to encourage additional intrastate jurisdiction was instituted in 1985. In determining the appropriate allocation formula, RSPA considered a variety of allocation apportionments for its primary and secondary factors. After the evaluation of pipeline safety program goals, the formula was divided into an 80 percent primary factor (allocated on percentage factor of program request) and a 20 percent secondary factor (allocated on performance). This allocation plan was supported by the participating states through the National Association of Pipeline Safety Representatives (NAPSR). The basic allocation concept has continued for the years following 1985 with changes only in the primary and secondary allocation (1986, 1987, 1988 - 75 percent/25 percent). RSPA will continue to actively review recommendations on variations of the allocation process received from a participating state or the organization (NARUC or NAPSR) representing it.

Schedule

Ongoing.

Recommendation 2

RSPA should improve its examination and analysis of state grant applications to assure that the program expenditures are legitimate and are not inflated in order to reduce the amount of money returned to the agency as unallocated "carryover."

Plan

RSPA will identify states that have a history of consistently over estimating program expenses. RSPA will discuss with the national representatives of NAPSR and NARUC the problem of inflated estimates and the effect it has on other state grant funds. RSPA will seek NAPSR and NARUC assistance in ensuring that pipeline grant application requests accurately project the upcoming year state pipeline safety expenses. In addition, RSPA will contact each state that has a history of over estimation of program expenses on their grant application before they submit their application for 1990. RSPA will discuss the projected costs for 1990 with these states before they submit their grant application as an aid in determining that their 1990 program costs are legitimate.

Schedule

RSPA will identify states with a history of substantially over estimating program expenses in 1989 and will solicit ongoing assistance of NAPSR and NARUC in the Spring of 1989. Discussion with the states prior to submittal of their 1990 grant application will take place in the last quarter of FY 1989.

Recommendation 3

RSPA should assign a position to work with problem states to upgrade their pipeline safety programs and should provide for a supplemental state assistance fund out of which would be awarded one-time only grants targeted to specific problems in the state's program. The first grants should be made from carryover funds from the 1986 and 1987 grant allocations.

Plan

a. RSPA plans to expand its enforcement staff and program goals in 1989. Similarly, RSPA will request an additional position in its FY 1991 budget for its state operations unit to work with problem states.

b. RSPA will examine the issue of allocating future carryover funds to states with specific problems. Beginning in 1989, RSPA will allocate a one-time grant to states as provided for in the Reauthorization Act of 1988. RSPA will allocate 1986 and 1987 carryover funds to states which have added new jurisdictions or implemented a new or significantly improved existing one-call damage prevention law in Calendar Year 1988. The maximum a state can receive is $75,000; however, no state can receive more than 50 percent of its allowable pipeline safety costs.

Schedule

RSPA intends to make this special statutory allocation in March 1989. The examination of using future "carryover" funds to target specific state problems will be completed in 1989 and implemented in grant allocations for 1990. The additional position will be included in RSPA's FY-91 budget request.

Recommendation 4

RSPA should develop criteria consistent with recently enacted legislation to assure that state inspectors are minimally qualified through a combination of education, experience, and training.

Plan

RSPA is in the process of developing criteria for qualified inspection personnel. We will be looking to RSPA's Transportation Safety Institute (TSI) to provide the benchmark for training. Also, education and experience will play an important role. The office will work closely with the state partners and their respective organizations (NARUC and NAPSR) in formulating these requirements.

Schedule

RSPA will develop criteria for state inspectors in FY 1989/1990 and will implement the qualification requirements in FY 1990/1991, providing sufficient resources for TSI are appropriated by Congress.

Information and Data Analysis

Recommendation 1

To help validate the information collected on the accident forms, RSPA should initiate a quality-control sampling project that would include telephone verification of the information on randomly-selected accident reports.

Plan

A log of telephonic notices that are required to be followed up by a written report are being kept to determine compliance with the reporting provisions in the pipeline safety regulations. In addition, after the annual reports are entered in the data base (June 30, 1989), a plan will be implemented to randomly sample the data entry accuracy of annual reports and 1988 accident and incident reports.

Schedule

The telephone log was started in January 1989. Analyses of information collected will be continuous.

Recommendation 2

RSPA should integrate data analysis into all aspects of its regulatory and enforcement program.

Plan

RSPA has incorporated data analysis in its enforcement program through PIPP. This program analyzes annual and incident report data, regional inspection data, and enforcement data to help determine inspection priorities. PIPP is used as a management tool to help select operators for inspection and to identify specific elements of a pipeline system to target for closer scrutiny during an inspection. This program is available to our state partners.

RSPA was appropriated one additional engineering position for FY 1989. This professional will develop programs for effective computer analyses of pipeline statistics, coordinate and develop procedures for computerization of reports and data collected by the regional offices and headquarters, and provide coordination for computerization of enforcement actions, thus ensuring application of uniform enforcement practices. RSPA will analyze the data to determine if there are pipeline failure trends that require a regulatory action.

Schedule

Refer to the response to Recommendation 3 under the Federal Enforcement Program. RSPA will continue implementation of the PIPP program in 1989 and 1990. We plan to hire an enforcement person in Spring 1989.

Recommendation 3

RSPA should develop regulations for maintenance of a pipeline inventory data system, as required by the Pipeline Safety Reauthorization Act of 1988 (P.L. 100-561), based on the results of the data needs and analysis study currently schedule for completion early in 1989.

Plan

As directed by P.L. 100-561, RSPA will develop and promulgate regulations requiring pipeline operators to complete and maintain a pipeline facility inventory. The results of the data needs and analysis study currently underway will be reflected as appropriate in the rulemaking.

Schedule

The NPRM will be issued in April 1989.

Recommendation 4

RSPA should require hazardous liquid pipeline operators to submit annual reports on the size and condition of their systems.

Plan

RSPA will propose rulemaking to require operators of hazardous liquid pipelines to submit annual reports on mileage (for user fee assessments) and other necessary information, including the size and condition of their systems.

Schedule

An NPRM will be proposed in November 1989.

Recommendation 5

RSPA should modify the report forms to fill gaps in the database:

a. The list of causative factors should be expanded to be as detailed as possible and should in all cases include operator error.

b. Outside force damage statistics should be collected and aggregated to distinguish between contractor/excavator damage and natural forces/earth movements.

c. All accident reports should include information on the specification and manufacturer of the pipe or component that failed.

d. The annual report forms should include data on the age and material of pipe in each operator's system.

Plan

RSPA will modify the annual and incident report forms where needed to fill gaps in the database. This rulemaking project will be developed following the conclusion, and analysis of, the data needs and analysis study currently underway.

Schedule

RSPA will propose a NPRM to amend its annual and incident reporting forms in May 1990 assuming the data study is completed in 1989.

SENATOR LAUTENBERG: Another recommendation from the Safety Task Force dealt with increased coordination between the regional and headquarters office regarding enforcement actions, and also chronic violators.

Is there any funding or related proposals included in the 1990 budget to address such a need? Why not?

ANSWER: RSPA plans to establish a central enforcement file that will include enforcement histories of all pipeline operators. The ultimate goal of this project will be to computerize the data and make it readily available via the personal computer network (each enforcement staff's work station). We will begin the evaluation of the requirements for this project upon the hiring of the enforcement engineer which is underway.

SENATOR LAUTENBERG: Regarding the State grants, the Safety Task Force recommended that the allocation formula be revised to promote improved State programs.

How does RSPA believe that this should be done?

ANSWER: In years 1971 to 1980, there were adequate appropriations to fund all programs at the 50 percent level. The first allocation formula was developed in 1981 to equitably distribute the appropriated funds which were less than required for 50 percent funding. In 1983, a modified formula was used as recommended by the National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Gas Pipeline Safety. Further modification of the grant program to provide incentives to improve state program performance and to encourage additional intrastate jurisdiction was instituted in 1985. In determining the appropriate allocation formula, RSPA considered a variety of allocation apportionments for its primary and secondary factors. After the evaluation of pipeline safety program goals, the formula was divided into an 80 percent primary factor (allocated on percentage factor of program request) and a 20 percent secondary factor (allocated on performance). This allocation plan was supported by the participating states through the National Association of Pipeline Safety Representatives (NAPSR). The basic allocation concept has continued for the years following 1985 with changes only in the primary and secondary allocation (1986, 1987, 1988, 1989 - 75 percent/25 percent). RSPA believes the present formula is equitable and is supported by the states, however, we will continue to actively review recommendations on variations of the allocation process received from a participating state or the organization (NARUC or NAPSR) representing it.

SENATOR LAUTENBERG: Likewise, RSPA's Information and Data Analysis program received 5 major recommendations from the Safety Task Force.

Will it cost any money to implement those recommendations in 1990? Some of the recommendations focused on data gaps in RSPA forms. Will those be corrected in 1990?

ANSWER: RSPA is in the process of hiring a senior engineer who will have as a major assignment, the continuing development of data analysis program (Pipeline Inspection Priority Program (PIPP). A log of telephonic notices that are required to be followed up by a written report is being kept to determine compliance with the reporting requirements of the pipeline safety regulations.

Gaps in the data base will be addressed through the rulemaking project proposed to amend annual and incident forms. RSPA will propose an NPRM to amend its annual and incident reporting forms in May 1990 assuming the data study (items that need to be added) is completed in 1989.

PERFORMANCE-ORIENTED SAFETY RULES

SENATOR LAUTENBERG: Do pipeline operators under Federal jurisdiction still frequently have problems with performance oriented safety rules?

ANSWER: In general, operators of small gas distribution systems have problems complying with the performance oriented safety standards. In most cases the problems can be traced to operator personnel who are not trained and experienced in pipeline technology and methodology. To combat this problem, OPS will propose a rulemaking to establish personnel training and qualification requirements. To meet these requirements, operators would have to assure that their personnel have the knowledge and skills required to perform regulated functions. To make more qualified personnel available, RSPA is also continuing to support State efforts to bring training programs into areas where small operators can conveniently participate. RSPA provides the Guidance Manual for Operators of Small Gas Systems to assist in training these operators. Also, The Transportation Safety Institute conducts pipeline safety seminars throughout the country. These seminars are useful in training employees of small operators how to comply with the pipeline safety regulations.

In addition, the American Society of Mechanical Engineers' (ASME) Gas Piping Technology Committee publishes a Guide to provide suitable methods to enable an operator to comply with the intent of the performance standards contained in the Federal gas pipeline safety standards. The ASME Gas Piping Technology Committee is an engineering consensus committee representing industry, manufacturers, and government, which includes representatives from the Office of Pipeline Safety. The Guide material is advisory in nature and does not restrict the operator from using other methods in complying. The American Gas Association in conjunction with the American Public Gas Association plan to make this Guide more readily available to small operators in the near future.

SENATOR LAUTENBERG: You have stated in prior testimony that they don't understand the intent of rules and this is a major reason for the most frequent and most dangerous violations of Federal safety standards. Did pipeline operator participate in the development of these rules? If so, then why don't they understand the intent? Is the problem of misunderstanding the intent of the rules greater among gas pipeline operators than among hazardous liquid pipeline operators? Is the failure to meet Federal requirements by gas pipeline operators a greater hazard to safety than the same type of noncompliance by hazardous liquid pipeline operators?

ANSWER: Although many pipeline operators participated in the development of the safety standards, operators of small gas distributions systems generally did not participate to any meaningful extent. It is these operators that have difficulty understanding the rules, primarily, we believe, because they lack qualified personnel.

The problem of understanding the rules rests almost entirely with small gas distribution operators. Hazardous liquid pipelines generally are owned and operated by large, well financed companies that employ qualified personnel capable of meeting the standards.

Noncompliance with a safety standard usually presents the greatest risk to public safety when it occurs on a gas distribution system, because these systems are located in populated areas. In contrast, gas transmission lines and hazardous liquid pipelines are, for the most part, located outside centers of population since they are used to transport commodities cross country to those centers.

NATURAL GAS AND HAZARDOUS LIQUID PIPELINE SAFETY GRANTS

SENATOR LAUTENBURG: You are requesting $4,500,000 for the pipeline safety grants-in-aid program. This represents an increase of $100,000 over the fiscal year 1989 appropriations to date.

How much of the $4,500,000 will be used to fund state activities under section 5(a) of the gas pipeline safety program?

ANSWER: In the past, 95% of the program allocation has gone to the gas pipeline safety program and the minimum--5% to the hazardous liquid pipeline program. If Congress appropriates the 4.5 million we are requesting, RSPA will consider increasing the percentage allocated to the state hazardous liquid program.

SENATOR LAUTENBERG: How much will be targeted to getting more state participation under section 205(a) of the hazardous liquid pipeline program.

ANSWER: In 1986, because of statutory requirements, RSPA was required to allocate a minimum of 5% to the hazardous liquid program. RSPA has not increased this allocation because no additional funds have been appropriated to the program.

In FY 1990, we will meet the statutory requirements, however, if Congress appropriates the $4.5 million we are requesting, RSPA will consider increasing the percentage allocated to the state hazardous liquid program.

SENATOR LAUTENBERG: Which states have intrastate hazardous liquid pipeline systems of most concern to RSPA?

ANSWER: RSPA has not identified any states.

SENATOR LAUTENBERG: How soon after the date of employment are state pipeline safety inspectors required to attend pipeline safety training courses?

ANSWER: RSPA policy is to have the state pipeline safety inspection complete the appropriate TSI courses within a three year timeframe.

SENATOR LAUTENBERG: Where will the increase of $100,000 likely go in 1990?

ANSWER: It will be apportioned between the gas and liquid pipeline safety programs.

OFFICE OF EMERGENCY TRANSPORTATION

SENATOR LAUTENBERG: You are requesting an increase of $25,000 for the OET operations.

Please describe the analytical support effort directed to maintaining a comprehensive high quality data base system. Do we have such a system?

ANSWER: The Office of Emergency Transportation maintains the Emergency Transportation Data Base System. The System contains modal data (air, rail, motor carriers, highway bridges, sea ports, and airports) which are critical to an emergency analysis of the operations of the transportation system. The analytical support requirements consist of acquiring and updating modal information and improvements to the data base operating system in such areas as on-line damage assessment and mapping/graphics capability to enhance analytical efforts. The net value of this system provides a capability to rapidly access and use valid information on transportation services in an emergency.

SENATOR LAUTENBERG: How are the present day emergency transportation capabilities unable to adequately meet present day national security response requirements? What is the nature and scope of our shortcomings, if any?

ANSWER: The Office of Emergency Transportation (OET) currently has the capabilities to meet its national security preparedness responsibilities; however, OET is continually required to improve the Department's preparedness posture. The ability to effectively stay abreast of new requirements and technology is cost related. The capability to update and improve the transportation data base system to support emergency management planning and decisionmaking is critical to effective emergency preparedness. Shortcomings associated with the Emergency Transportation Data Base are lack of new computer systems to permit a more timely and effective analysis of transportation data and the inability to more frequently update transportation modal information in order to maintain the integrity of the data base system.

RENTAL PAYMENTS TO GSA

SENATOR LAUTENBERG: The 1987 appropriation for rental payments to GSA was $730,000. In 1988, this increased to $1,069,000. In 1989, $1,095,000 was provided. In 1990, RSPA is requesting $1,546,000, an increase of $451,000, or an increase of 41%. Has RSPA's actual space increased over this period?

ANSWER: RSPA's space has not increased since 1986 when the Aviation Information Management Program was transferred to us from the CAB.

SENATOR LAUTENBERG: How does GSA compute their rent? Is there a cost component included to enable GSA to pay for new construction? Please provide a detailed analysis for the record.

ANSWER: GSA uses the average commercial rate in the area to determine what rate it will charge each agency located in that area. The rate includes funding, not only for new construction, but also for lease-buy costs and maintenance and repair costs for existing government buildings.

HAZARDOUS MATERIALS INSPECTION

SENATOR LAUTENBERG: RSPA has sole responsibility for enforcement with respect to intermodal hazardous materials shipments.

Does RSPA know how many intermodal shipments of hazardous materials there are? Is that trending up or down?

ANSWER: RSPA categorizes "intermodal shipments" as either shipments offered by a shipper by more than one mode of transportation or shipments offered in freight containers.

RSPA estimates that there are not less than 300 million shipments of hazardous materials annually, involving just under 5.5 billion tons. This represents a 36% increase from the figures provided last year. The Coast Guard estimated that, in 1987, 2.1 million freight containers containing 13 million tons of packaged hazardous materials were involved in import/export transportation, a 62% increase over 1986. Inspections in this area are conducted by both RSPA and the Coast Guard.

SENATOR LAUTENBERG: What percentage of intermodal shipments and non-bulk imports and exports are being inspected by RSPA? Has this trended up or down lately?

ANSWER: With respect to shipments within the U.S., RSPA conducted 176 inspections in Fiscal Year 1988 of shippers of both general hazardous materials and radioactive materials, a 3% increase over Fiscal Year 1987. In addition, many more notifications were made to shippers from the 317 shipment observation inspections performed in Fiscal 1988, a 49.5% increase over Fiscal Year 1987. The Fiscal Year 1988 inspections included five non-vessel operating common carriers (NVOCCs) and four shipment observations in New York, and 16 NVOCCs, six shippers, and 41 shipment observations in New Jersey.

With respect to import and export shipments, RSPA inspects only a fraction of a percent of these shipments.

SENATOR LAUTENBERG: What have been some of the adverse consequences of a lack of inspection coverage?

ANSWER: The obvious consequence is the potential for unsafe shipments moving in the transportation system. Another consequence is a perception by those placing shipments in commerce that there is little risk in not complying with the regulations. While it would be impossible to inspect a large percentage of these shipments, even with expanded resources, there needs to be an increase in activity to some level or percentage such that enough enforcement actions are processed and publicized to provide a deterrent. This is especially pertinent for foreign companies exporting to the U.S. RSPA has initiated nine civil penalty enforcement actions against foreign exporters; six cases have been successfully completed with collection of $58,000 in civil penalties.

SENATOR LAUTENBERG: How many hazardous materials inspectors does RSPA have? What is the appropriate number, considering the size of the regulated industry? How would you support that number using workload analysis?

ANSWER: In Fiscal Year 1989, a total of 18 positions are authorized for RSPA's hazardous materials inspection and enforcement program. Of these, 16 are inspectors.

Factors determining the size of an inspection staff would include size of the regulated population, number of companies to be inspected, and frequency of inspection. Workload analysis would be applied to a given mix of factors to determine an appropriate number of inspectors. Assume, for example, that the size of the population is 100,000 and each company is going to be inspected every year. Workload analysis has indicated that each inspector can perform 100 inspections per year. Such an inspection program would need 1,000 inspectors. If the frequency were changed to biennial inspections, the program would only need 500 inspectors.

The foregoing is not meant to imply that there is a need for an enforcement staff of epic proportions, as RSPA considers it to be neither practicable nor necessary to inspect every entity falling under its jurisdiction. RSPA's inspection strategy is to place more emphasis on problem areas and focus on given industry segments. For example, certain types of packaging are used more than others in the transportation of hazardous materials. We have identified those packagings and have concentrated our inspections in those industry segments.

SENATOR LAUTENBERG: What is the actual scope of their responsibilities in terms of the number and type of shipments and entities that come under their jurisdiction?

ANSWER: RSPA conducts the following types of inspections (the estimated number of entities subject to inspection is shown in parentheses):

- o Container manufacturers, repairers, rebuilders, retesters, and reconditioners (7,000 facilities).
- o Shippers of hazardous materials, both general and radioactive materials (50,000 facilities).
- o Exemption holders, involving both manufacturers and shippers (2,500).
- o Import and export shipments of hazardous materials explosives, at U.S. water ports (imports valued at $10 Billion).
- o Non-vessel-operating common carriers (NVOCC) (1,300).
- o Radioactive materials at air freight terminals (200).
- o Joint radioactive materials inspections with state agencies.
- o Joint inspections with other DOT administrations and other Federal agencies.

RSPA also monitors:

- o The radioactive routing data base to monitor compliance with the routing requirements for highway route-controlled shipments of radioactive material.
- o The incident reporting data base for compliance with the telephonic and written reporting requirements.
- o The hydrostatic retesting data base for compliance with the requirement to be an approved retester and have a current approval.

RSPA also supports the exemptions program by enforcing the requirement that only currently valid exemptions may be used.

AIR SHIPMENTS OF HAZARDOUS MATERIALS

SENATOR LAUTENBERG: According to your testimony last year there has been a "substantial upswing in aviation airport inspection of cargo facilities in the last several years . . . "

However, your same testimony also shows that the total work-years of FAA hazardous materials inspections:

-- Dropped drastically from a high of 90 work-years in 1980 to a low of 8.2 in 1982.

-- Increased by only ½ work-year from 14.1 in 1983 to 14.6 in 1985.

Where is the so-called "substantial upswing" you talked about?

ANSWER: We are unable to find the cited text in last year's testimony. Such a statement was made in 1987, however, and was clarified in last year's testimony as follows:

> There are two reasons for this apparent inconsistency. First of all, when the Director of RSPA's Office of Hazardous Materials Transportation spoke of a "substantial upswing in aviation airport inspection of cargo facilities in the last several years", he was speaking in 1987 of the recent past. Now that the data has been compiled for 1987, it is possible to quantify his assertion. In 1987 the total work-years for FAA hazardous materials inspectors (17.5) represented as 24% increase over the 1983 level of 14.1. Secondly, the work-year statistics which RSPA provided for the record contained two errors which both appear as anomalies in the FAA data. The 1980 figure for FAA (reflected in the 1980 Departmental total) was 19 rather than the 90 shown. And the 1982 figure for FAA should have been 18.9, rather than the preliminary report of 8.2 which was inadvertently allowed to stand.

SENATOR LAUTENBERG: What is the extent of hazardous materials shipments by air transportation?

ANSWER: The FAA reports that there is little change from the information provided last year. Between one and two percent of the cargo shipped by air is hazardous materials, which amounts to 110,000 tons transported each year. The major portion of this tonnage is transported by all-cargo flights. Dry ice and radioactive pharmaceuticals used in medical treatment continue to represent the greatest percentage of hazard materials being transported by passenger aircraft.

SENATOR LAUTENBERG: According to last year's testimony, FAA has only 11 persons assigned full time to hazardous air cargo inspections. Other FAA inspectors spend only about 3 percent of their time in such inspections.

What kinds of serious violations of regulations governing air shipments of hazardous materials are being found by FAA inspectors?

ANSWER: We are unable to find the cited text in last year's testimony. Such a statement was made in 1987, however, and was responded to in full. The FAA reports that the types of violations being found have not changed from what was reported last year. Those violations are as follows:

- Hazardous materials improperly packaged -- using nonspecification outside/inside packaging.
- Improperly marked packages -- no proper shipping name or wrong shipping name; no UN number; not marked "This End Up" for liquids.
- Improperly labeled packages -- no label, wrong label, no "Cargo Aircraft Only" label.
- Exceeding the quantity limitations per package for passenger or cargo aircraft.
- Shipping papers improperly prepared -- wrong shipping name, classification, UN number, quantity per package, and/or certification for passenger for passenger or cargo aircraft.
- Accepting and transporting hazardous materials by air when a shipment was not prepared in accordance with the regulations -- improper shipping papers, and improperly marked and labeled packages.

HAZARDOUS MATERIALS INSPECTION AND ENFORCEMENT

SENATOR LAUTENBERG: Last year you stated that the Newark, N.J. and New York City ports handle 10,000 freight containers a day. Monitoring even a small percentage of these shipments for compliance with hazardous materials regulations obviously is difficult. The Coast Guard has been conducting a random opening inspection program to determine compliance.

What are the results of the Coast Guard's inspection program?

ANSWER: Coast Guard Marine Safety Offices around the country continue to conduct random hazardous materials container inspections on a limited basis, as operations permit, by targeting shipments by commodity and by looking at the violation history of the shipper. The Coast Guard and the U.S. Customs Service, in January 1989, signed a Memorandum of Understanding to coordinate inspections of containerized hazardous materials.

The Coast Guard worked with RSPA in inspections of hazardous materials at Atlantic, Gulf Coast, and Pacific ports and selected NVOCC facilities. It participated in two operations with the Consumer Product Safety Commission, RSPA, and Customs, in inspecting imported Class C fireworks. The Coast Guard also participated, along with RSPA, the Customs Service, and the Federal Railroad Administration, in a month-long inspection operation in Long Beach, California, conducting inspections of break-bulk and containerized hazardous materials.

AIRBAG SHIPMENTS RULEMAKING

SENATOR LAUTENBERG: Last July, we understand that the Motor Vehicle Manufacturers Association petitioned RSPA for a rulemaking to simplify regulations for the shipment of airbags. Please provide for the record your schedule for expediting this industry petition.

ANSWER: In order to facilitate the transportation of airbags, RSPA issued several exemptions to the hazardous materials regulations which allow airbags to be transported as Flammable Solids, rather than as Class B or C Explosives. We are currently reviewing those exemptions to determine whether they can be converted into regulations of general applicability. We are aware of the need for expeditious handling of this matter and expect to issue a Notice of Proposed Rulemaking this summer.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

AVIATION DATA

SENATOR D'AMATO: RSPA's Office of Aviation Information Management provides financial and statistical data on aviation operations. Does this Office duplicate work done at FAA? Should this task be performed by FAA?

ANSWER: There is no duplication of effort. The financial and statistical data maintained by the Office of Aviation Information Management (OAIM) is a central source of economic aviation information for all government agencies, including both FAA and the Office of the Secretary (OST), as well as private sector users. The FAA relies on OAIM for economic information about air carrier operations. FAA provides OAIM with $500,000 each fiscal year, as user reimbursements to ensure continuation of the data.

The products and services of OAIM are required on a generally equal basis by both FAA and OST programs, although OST usually requires more direct ADP services than FAA. RSPA is the ideal DOT location for the aviation economic information function because it can provide impartial administration and program leadership to handle OST and FAA requirements and priorities. Also, RSPA as a non-user is in the best position to insure that DOT data collections impose the minium level of burden on air carriers.

HAZARDOUS MATERIALS

SENATOR D'AMATO: Your budget shows an increase of $3.3 million over current levels, about one-third of it for hazardous materials transportation. How will the 4 new inspector positions in this area be deployed? How many inspectors do you have nationwide?

ANSWER: Of the four new positions requested for hazardous materials inspectors, three are to be generalists and one is to be a technical specialist in the area of explosives. At the present time, eighteen positions are authorized for RSPA's hazardous materials inspection and enforcement staff. Of these, thirteen are for full-time inspectors (11 generalists, 1 radioactive materials specialist and 1 specialist in cylinder technology), three are managers and two are clerical support personnel.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

STATEMENT OF HOWARD M. SMOLKIN, MANAGING DIRECTOR

ACCOMPANIED BY:

BARRY FELRICE, ASSOCIATE ADMINISTRATOR FOR RULEMAKING

WILLIAM SCOTT, DIRECTOR, OFFICE OF ALCOHOL AND STATE PROGRAMS

ADELE DERBY, ASSOCIATE ADMINISTRATOR FOR PLANS AND POLICY

GEORGE PARKER, ASSOCIATE ADMINISTRATOR FOR ENFORCEMENT

MICHAEL FINKELSTEIN, ASSOCIATE ADMINISTRATOR FOR RESEARCH AND DEVELOPMENT

INTRODUCTION OF WITNESS

Senator LAUTENBERG. Now we would like to call NHTSA to the witness table. Mr. Smolkin is the Managing Director. Good morning, Mr. Smolkin. We ask you to identify your colleagues at the table and would invite you, as we did with the previous witness, to summarize your testimony. Your full statement will be included in the record. We are pleased to see you and if you will just go ahead and let us know who is sitting with you, identify those who are with OMB and those who are not. [Laughter.]

Thank you very much. Go ahead.

STATEMENT OF HOWARD SMOLKIN

Mr. SMOLKIN. Thank you, Mr. Chairman.

Thank you very much for the opportunity to provide a brief statement before responding to your questions. I am pleased to appear before you to present our budget request for fiscal year 1990.

With me at the witness table today, starting from my extreme right, are Barry Felrice, Associate Administrator for Rulemaking; Adele Derby, Associate Administrator for Plans and Policy; Michael Finkelstein, Associate Administrator for Research and Development; Bill Scott, Director of the Office of Alcohol and State Programs; and George Parker, Associate Administrator for Enforcement.

I would like to begin by highlighting the status of our current program and giving you a brief overview of things to come.

FATALITY RATE

I am pleased to report that in 1988 the fatality rate on the Nation's highways remained at the all-time low of 2.4 fatalities per 100 million miles traveled. The rate first reached that level in 1987, after declining more than 25 percent from its 1980 level.

The 1988 fatality rate data shows that we are holding on to our gains, but because preliminary estimates indicate that 46,900 people died in crashes in 1988 it is clear that we need to do more to push fatalities down.

OCCUPANT PROTECTION

This year is an important year for safety. It marks the concluding year of the 4-year phase-in of the occupant protection requirements of Standard 208. Beginning on September 1, all new passenger cars will be equipped with automatic occupant protection. Reaching this milestone marks an important advance in safety and concludes a 20-year controversy about the best means to protect occupants in frontal crashes.

SAFETY BELT USE

To complement the effects of the occupant protection systems we are reinforcing our campaign to raise safety belt use. We believe strongly that it is the combination of new technology and higher safety belt use that will produce the greatest increase in safety.

Last year safety belt use laws became effective in three new States, increasing the year-end total to 31 States and the District of Columbia. Recently, Wyoming passed a belt-use law, bringing the total to 32 States. Our survey of safety belt use in 19 cities showed that drivers have increased their use of belts to 47 percent. This compares to just 14 percent in 1984.

NEW SAFETY REQUIREMENTS

In addition to our work on airbags and safety belts, we are well along on a number of other measures. We have proposed new requirements for upgraded side impact protection for passenger cars. Last fall, we also issued proposals to extend head restraint requirements to light trucks and to require three-point belts in the rear seats of passenger cars and light trucks. Last October, we began a landmark fleet test of heavy trucks equipped with the new generation of antilock brakes.

DRUNK DRIVING PROGRAMS

No overview of traffic safety would be complete without discussion of a problem that has been with us from the beginning and that continues to be the leading cause of fatal crashes—drunk driving. We took several steps during 1988 to strengthen our drunk driving programs. We modified the regulations of the Alcohol Safety Incentive Grant Program under section 408. This enables five additional States to qualify for grants to further improve their alcohol countermeasures program.

We sponsored workshops involving more than 30 States to examine trends and countermeasures in alcohol-related fatalities in each State. We supported regional workshops by Mothers Against Drunk Driving to help activist groups focus their efforts, and we made great strides with the T.E.A.M. Program, including new national campaigns by Major League Baseball and the National Basketball Association.

We estimate that the proportion of fatalities involving intoxicated drivers remained at 40 percent in 1988. This represents a significant improvement over the level in earlier years, but it also shows how far we have to go.

BUDGET OVERVIEW

Let me conclude my statement with a short summary of our budget request. For 1990 we are seeking total program funding of $235.2 million. This consists of $106.7 million under the Operations and Research appropriations, and an obligation limitation of $128.5 million for Highway Traffic Safety Grants.

Within our 1990 request, $64.6 million is included to support ongoing contract programs and allow for expanded efforts in some areas, particularly drunk and drugged driving. Additional funds are proposed for new drugged driving research and demonstration programs, initiatives that the President strongly supports. These funds include $4 million for drug evaluation and classification training programs and $5 million for the pilot project for drug testing of newly licensed drivers authorized by the Anti-Drug Abuse Act of 1988.

Funds are also proposed for expanding the National Driver Register to permit rapid exchange of problem driver information between States. The request of $128.5 million for obligation limitations in the Highway Safety Grants appropriation includes $115 million for Safety Formula Grants and $13.5 million for Alcohol Safety Incentive Grants.

The 1990 request of $13.5 million for 408 grants provides a $2.5 million increase above the 1989 appropriation which will enable us to provide grants to all States expected to qualify in 1990.

This concludes my statement, Mr. Chairman. Together with the other members of the NHTSA team with me today I will be glad to try to answer any questions you may have concerning our budget request.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. Smolkin. Your complete statement will be made part of the record.

[The statement follows:]

STATEMENT OF HOWARD M. SMOLKIN

Mr. Chairman and members of the Subcommittee: I am pleased to appear before you today to present our budget request for fiscal year 1990. With me at the witness table to help me answer your questions are Adele Derby, Associate Administrator for Plans and Policy; George Reagle, Associate Administrator for Traffic Safety Programs; Barry Felrice, Associate Administrator for Rulemaking; George Parker, Associate Administrator for Enforcement; and Michael Finkelstein, Associate Administrator for Research and Development.

Before responding to your questions, I want to touch on the status of our current program and give you a brief overview of things to come.

To begin, I am pleased to report that in 1988 the fatality rate on the nation's highways remained at the all-time low of 2.4 fatalities per hundred million miles travelled. The rate first reached that level in 1987, after declining more than 25 per cent from its 1980 level. If the rate had remained at its 1980 level, we estimate that about 18,000 more people would have died in crashes in 1988 than the 46,900 shown by our preliminary estimate for 1988. The 1988 data show that we're holding on to our gains, but they also suggest that we'll need to do more to push the fatality rate downward. Let me share with you how we plan to do this, both in the short term and over the longer term.

For the short term, there is really big news. This year—1989—will be the concluding year of the four-year phase-in of the occupant protection requirements of standard No. 208. Beginning on September 1, all new passenger cars will be equipped with automatic protection. We expect that many of these cars will have an air bag for the driver, and that the number of air bag installations, both for the driver and for the front passengers, will increase rapidly during the following years. Our current estimate, based on publicly available information from the manufacturers, is that about 2.9 million vehicles will be equipped with air bags during model year 1990. We believe that this number will increase to the range of 5 to 6 million annually by the mid-1990's. For customers who prefer an alternative form of protection, the manufacturers will continue to offer a variety of automatic safety belt designs. Reaching this milestone marks an important advance in safety and concludes a 20-year controversy about the best means to protect occupants in frontal crashes.

Since the phase-in of automatic crash protection is already in its third year, we have had the opportunity to test a number of vehicles with the new systems. I am pleased to report that these tests have shown that the vehicles are complying with the stringent requirements of the standard with room to spare.

To complement the effects of the new occupant protection systems, we are reinforcing our campaign to raise safety belt use. We believe strongly that it is the *combination* of new technology and higher safety belt use that will produce the greatest increase in safety. The news on safety belt use continues to be encouraging. Last year, safety belt use laws became effective in three new states, increasing the total to 31 states and the District of Columbia. Two states held referenda on the issue: voters in Oregon repealed their belt law before it could take effect, but the people of Montana strongly endorsed continuation of the belt law in that state. Our survey of safety belt use in 19 cities showed that drivers have increased their use of belts to 47 per cent, an increase of 4 per cent over 1987. Not surprisingly, belt use appears considerably higher in states with belt use laws. But a striking, and encouraging, observation has been that even drivers in states without laws are increasing their use of belts. Our latest data show that 36.5 per cent of drivers in non-belt law cities were wearing their belts, compared to just 14 per cent in 1984.

The continued increases in safety belt use give us hope that the idea of safety belt use is beginning to be accepted by the public as standard practice. We believe that perseverance is the key to success in the safety belt program in the United States, continuing our comprehensive approach of education, public information, and enforcement. We are supporting the "70 by 90" campaign to achieve a national use level of 70 per cent by 1990. As one part of our effort, we have just produced an instructional video tape entitled "The Winning Combination," which explains the types of occupant protection systems now available and stresses the need to wear belts even in cars equipped with air bags. We are continuing to support state efforts to enact safety belt use legislation, and to implement the laws that have been enacted. It is particularly important to reinforce the need for belt use by the police who are charged with enforcing the law and to build community support for enforcement actions.

In the related area of child passenger protection, we held a series of public meetings during 1988 to focus on issues such as improved seat design and testing standards, proper installation and usage, and compatibility with safety belt systems. In our research under the Vehicle Safety Act, we are making good progress in developing better test procedures for the different child seating systems needed to accommodate children of varying sizes and physical conditions. We hope that this research will be incorporated into a new generation of safety seats for children.

Even though air bags and safety belts occupy the center stage in the short term, we are well along in rulemaking on a number of other measures to improve occupant protection. As we reported to the Committee last year, we have proposed new requirements for upgraded side impact protection for passenger cars. This is an extremely ambitious rulemaking project. Our professional staff are now reviewing the very technical comments received, and we hope to proceed with the next step in the rulemaking later this year. Last fall, we also issued proposals to extend head restraint requirements to light trucks and to require 3-point belts in the rear seats of passenger cars and light trucks. These actions complement and reinforce the substantial voluntary commitments by the manufacturers on these two measures. We also issued a proposal to reclassify vehicles for purposes of safety standards, especially in the light truck, van, and sport-utility vehicle categories. We believe that these measures will result in significant safety improvements.

For the somewhat longer term, last year we began a landmark fleet test of heavy trucks equipped with the new generation of antilock brakes. The first vehicles began operation in October. By late spring we expect to have the complete 200-vehicle fleet in service with all the instrumentation in place to enable us to monitor the reliability and maintainability of the antilock systems. This is the necessary first step toward greater use of antilock brakes on air-brake equipped trucks. We are encouraged by signs of renewed interest in antilocks among manufacturers and users of large trucks, and anticipate that there will be a significant number of antilock systems in use on U.S. trucks by the mid-1990's

As a last point related to the safety of vehicle performance, I can report that we have continued to improve our oversight of the safety of the current vehicle fleet. Our enforcement program experienced another successful year in 1988, with 136 new safety defect investigations opened—the most in 15 years. We continued to improve our ability to respond to problems reported through owner complaints or compliance testing, and significantly reduced the average time to complete actions. During the year the manufacturers conducted 162 safety recalls, resulting in nearly 4.5 million vehicles recalled. We also increased our enforcement efforts in the odometer fraud program, referring 35 large-scale investigations to the Department of Justice for prosecution.

I would like to conclude this overview of safety by turning to a problem that has been with us from the beginning and that continues to be the leading cause of fatal crashes: drunk driving. Most of the other measures I have discussed today help mitigate the effects of a crash, once it occurs. Our campaign against drunk and drugged driving, in contrast, is aimed above all at preventing those crashes from happening in the first place. The national movement to curtail drinking and driving has already achieved great success, overcoming the doubts of skeptics who said that the problem of alcohol abuse was too deeply entrenched in our society for any measures aimed at a single aspect of alcohol abuse to be successful. To the contrary, the focus on impaired driving has not only reduced the incidence of alcohol-related crashes but has increased the general awareness of the other dangers of alcohol abuse.

In 1988 we estimate that the proportion of fatalities involving intoxicated drivers remained at 40 percent. This represents a significant improvement over the level in earlier years, but it also shows how far we have to go.

To strengthen our drunk driving programs, we took several steps during 1988: we modified the regulations of the alcohol safety incentive grant program under section 408, which enabled five additional states to qualify for grants to further improve their alcohol countermeasure programs; we sponsored workshops involving more than 30 states to examine trends in countermeasures and alcohol-related fatalities in each state; we helped fund five public hearings by the National Commission Against Drunk Driving on youth impaired driving which stressed the need for community action and parental involvement; we supported regional workshops by Mothers Against Drunk Driving to help activist groups focus their efforts; we expanded the Drug Evaluation and Classification Program to additional sites; and we made great strides with the TEAM program, including new national campaigns by Major League Baseball and the National Basketball Association and new designated driver campaigns featuring stars such as Magic Johnson. The TEAM program continues to be a model for coordinated projects between the public and private sectors, with local coalitions forming in several parts of the country to encourage responsible drinking behavior at sporting events. We also reached a milestone in the development of the new National Driver Register when we completed the pilot projects employing the new system.

Let me conclude my statement with a short summary of our budget request. For 1990, we are seeking total program funding of $235.2 million. This consists of $106.7 million under the Operations and Research appropriations and obligation limitations of $128.5 million for Highway Traffic Safety Grants.

Within our 1990 request, $64.6 million is included to support ongoing contract programs and allow for expanded efforts in some areas, particularly drunk and drugged driving. Additional funds are proposed for new drugged driving research activities and demonstration programs, an initiative that the President strongly supports. These funds include $4 million for drug evaluation and classification training programs and $5 million for the pilot project for drug testing of newly-licensed drivers authorized by the Anti-Drug Abuse Act of 1988. Funds are also proposed for expanding the National Driver Register to permit rapid exchange of problem driver information between states.

The request of $128.5 million for obligation limitations under the Highway Traffic Safety Grants Appropriation includes $115.0 million for Safety Formula Grants (Section 402) and $13.5 million for Alcohol Safety Incentive Grants (Section 408). The amount of $115.0 million requested for 402 Grants represents the same level as provided in the 1989 Appropriations bill, and will provide an effective increase to the states due to the expiration of the set-aside for commercial driver licenses. The 1990 request of $13.5 million for 408 Grants provides a $2.5 million increase from the 1989 appropriation, which will enable us to provide grants to all states expected to qualify in 1990.

This concludes my statement, Mr. Chairman. I will be glad to try to answer any questions you may have concerning our budget request.

IMPROVEMENT IN HIGHWAY SAFETY

Senator LAUTENBERG. We are pleased to note with you the continuing improvement in highway safety and it is, I think, fair to say that your agency contributed to that.

We are encouraged to see that the passive restraints are going to be included, and that more education programs are planned to help save lives. At the same time, it is distressing to see what happens with the increased speed limit. I think it is public knowledge that I have taken a very aggressive stance against drunk driving. I am pleased to have been the Senate chief sponsor of the increase in alcohol restriction to age 21 and over, and the results of that have been very satisfying, although it could be improved with a little bit more enforcement.

So we are at work on it. But progress is not rapid enough, as all of us will agree, and one need only talk to a family or friend of someone who was either killed or injured at the younger age or at any age and note their attitude about how we could be more effective.

SPEED LIMIT PROBLEM

I first would like to talk about the speed limit problem as I see it. In January your agency released a report that this subcommittee had requested on the safety impacts of permitting 65 miles an hour on the rural interstates. That report cited a 19-percent increase in fatalities on those highways that had a posted speed of 65.

Taking into account other factors—more miles traveled, et cetera—is this a greater increase than you would have expected with the speed allowable up by 10 miles?

Mr. SMOLKIN. The fatality rate on rural interstate highways remained fairly flat over the past few years. After posted speeds were increased, the fatality rate and the number of fatalities increased substantially.

FATALITY INCREASE

Senator LAUTENBERG. Is it a larger increase than one might have expected? Would you have projected an increase in fatalities as a result of that change in posted speed?

Mr. SMOLKIN. In terms of projections, there are two ways of looking at that issue, Mr. Chairman. One is to look historically at what fatalities had been on the rural interstates and, as I had mentioned, they had been fairly flat.

The other is to look at other work that had been done in this area. As you are aware, the National Academy of Sciences reviewed this issue and predicted that there would in fact be a substantial increase in rural interstate fatalities were the speed limit to rise.

Senator Lautenberg. Do you remember what kind of an increase? Did they project a percentage change, a particular count? They said that a speed limit of 55 saved 2,000 to 4,000 lives a year. Is there any reason not to believe that the 55 mph speed limit increases the number of lives saved?

Mr. Smolkin. We have no reason to question the National Academy's estimate that the lives saved were substantial as a result of the 55-mile-per-hour speed limit. If memory serves me correctly, they estimated that were the speed limit to be increased to 65 mph the fatalities might increase by 20 to 25 percent.

Senator Lautenberg. Might increase by——

Mr. Smolkin. Twenty to twenty-five percent.

Senator Lautenberg. Well, are you saying that the increase in fatalities that we experienced thus far on the rural interstates is below that which would have been anticipated?

Mr. Smolkin. The increase so far, based on the report that we submitted to Congress, shows that fatalities increased by 19 percent on the roads that were posted at 65 mph. It is true that there was a substantial State-to-State variation in the increase. For the 38 States that increased the speed limit, 11 States had no increase or a decline. Twenty-seven States had an increase. Eight of the thirty-eight States accounted for 71 percent of the total increase.

STATE ENFORCEMENT PROGRAMS

Senator Lautenberg. Right. But we do know that there are different rules or different enforcement programs in States. Some States are more serious about it than others, and some less so, some put less resources in, some, again, more so. So that can account for a variation.

Can we draw a conclusion that increasing the speed limit on these rural interstates has cost significantly more lives than would have been the case if we had left the posted speed limits as they were at 55 and enforced them vigorously? Or would you say it is just an aberration of statistics?

SPEED FATALITY DATA

Mr. Smolkin. The Department has taken the position in light of the fact that we only have 1 year's data that it is too early to know the long-term consequences. We certainly agree with you that States vary tremendously both in terms of their enforcement and enforcement strategies that have been applied, and the fact that there are significant random year-to-year variations in rural interstate fatalities. Even public perceptions of how important it is to go the speed limit vary across the Nation.

Senator Lautenberg. We are talking about data accumulated in 1987; am I correct?

Mr. Smolkin. That is right.

Senator Lautenberg. Do you have any data for 1988 yet?

Mr. Smolkin. We do not have full-year data for 1988. We are in the process of compiling the data and will make that available in our next report to Congress.

Senator Lautenberg. When is that due?

Mr. Smolkin. In September, sir.

Senator **Lautenberg**. You know that I am engaged in developing a piece of legislation to turn back the 65-mile-an-hour speed limit to the 55-mile-an-hour posted limit because, with the information already obtained, it is my belief that we are killing more people as a result of the change in the speed limit. More people are dying on the highways and being injured as a result of insufficient enforcement of the limits, whatever they may be.

Can we get raw data on 1988 highway fatality rates without necessarily getting your endorsement except to say that the data is reliably gathered, and give this committee a chance to review it before September? We have an appropriations bill that has got to be prepared substantially in advance of that for the next fiscal year, and having that information available would be very helpful.

Mr. **Smolkin**. Mr. Chairman, we would be happy to provide you the data that we have to date that might help in your deliberations.

[The information follows:]

Preliminary 10-month fatality data for 1986–1988 are presented below. These raw data are subject to change as more complete information is available.

PRELIMINARY RURAL INTERSTATE TRAFFIC FATALITIES 10 MONTHS OF 1988

48 States*

	1986	1987	1988	Percent change	
				1986-1987	1987-1988
Rural Interstate	1,781	2,106	2,295	+18	+9
Urban Interstate	1,745	1,767	1,810	+1	+2
Non-Interstate	35,018	34,584	34,188	−1	−1
Total	38,544	38,457	38,293	0	0
	38 States**				
Rural Interstate	1,528	1,844	2,031	+21	+10
Urban Interstate	1,331	1,259	1,362	−5	+8
Non-Interstate	27,184	26,776	26,460	−2	−1
Total	30,043	29,879	29,858	−1	−1

*Two states do not have rural Interstate highways—Alaska and Delaware.

**States that had an increase in the rural Interstate speed limit at sometime during 1987.

Senator **Lautenberg**. Thank you.

You know, those who would challenge my contention that speed kills say that the report, the results, have been interpreted by the agency to be inconclusive. Do you share that? That is your view?

Mr. **Smolkin**. The report does state very clearly that we believe the evidence is inconclusive as to the long-term effect. However, the report is a rather substantial one, Mr. Chairman. We have tried to cut the data various ways to provide State analysts as well as people at the Federal level with an opportunity to have the benefit of all the data that is available to date as we try to reach a conclusion.

Senator **Lautenberg**. Now would you say that you cannot arrive at a satisfactory conclusion—I am talking about a statistical conclusion—with the sample that you have to this point, talking now about the 1987 data? You are not yet ready to use the 1988 data fully.

SPEED LIMIT STUDIES

Mr. **Smolkin**. We have to say that it would be premature at the present time to try to estimate what the long-term effect might be of the 65 speed limit. We are, as I mentioned, in the process of analyzing the 1988 data.

We have also commissioned a number of research studies that direct their attention to that issue. With your permission, I would like to have Mr. Finkelstein review some of the studies that we have ongoing.

Senator **Lautenberg**. OK. Well, if Mr. Finkelstein is the one who has the closest contact with the data, I would like to ask him why an agency whose purpose is to promote highway safety has taken such an ambiguous position on the safety impacts of the higher speed limit? Once again, when can we get to some kind of conclusion? There are individual members of the National Academy of Sciences, members of the Insurance Institute who say that they are pretty well satisfied that this information is reliable, the data are conclusive, and that we ought to respond to it in some effective way.

Mr. **Finkelstein**. The data that we have seen to date shows short-term effects that vary State by State, but when aggregated for the Nation, the increase in fatalities appears consistent with the predictions that came from the National Academy study.

The question that we are obviously very interested in exploring is whether there are different speed enforcement strategies that could be applied, whether there are different approaches that could be followed that would permit States to deal with their different situations, in manners that they choose that would allow them to make choices that would err on the side of safety.

There are a number of studies that we have commissioned. We made grants to Auburn University, Northwestern, Harvard University, the National Public Services Research Institute, and the Urban Institute, and those grants are all looking at the same body of data that we have available and the researchers will be providing their own independent assessments of what effect the increase in the speed limit had on safety.

Some of the studies will be ready as early as April and May; some of them which are looking at more aggregate impacts will not be available until later this summer. But they will all be available before the end of the year.

Senator **Lautenberg**. I assume that will include the data accumulated in 1988.

1988 FATALITY DATA

Mr. **Finkelstein**. It should include most of that data. The reason the 1988 data is not yet available is that there is a reporting lag between the time that fatalities occur and the time we get the data in the system. At this point, we have reasonably reliable data for the first half of the year. It shows that the rate of fatality increase on rural interstate roads appears to be going up but not nearly as rapidly as it did during 1987.

What we have not yet been able to do is to make comparisons that would make those increases more meaningful, by placing them in context.

We will have the complete 1988 file available sometime during the last half of May 1989.

STATE FATALITY DATA

Senator **Lautenberg**. Are you waiting for the States to supply that information?

Mr. **Finkelstein**. We get the data from each of the States provided to us in a format that we prescribe.

Senator **Lautenberg**. Is that an electronic format or is that printed format?

Mr. **Finkelstein**. It is a combination. It initially comes in printed form.

Senator **Lautenberg**. There is not that much information anyway, really.

Mr. **Finkelstein**. No; it is not an extraordinary amount.

Senator **Lautenberg**. So it is easy to convert.

Mr. **Finkelstein**. It is not difficult.

Senator **Lautenberg**. What I am curious about, with the earlier panel, we discussed the upgrading of their computer systems over at RSPA, and, since I come out of the field, the computer business, it seems awfully late at this point, 3 months later, to not be able to reliably process the information obtained, to not be able to get the information.

Is there some inducement to the States to get their data in quickly? Is there a penalty if they do not? What do we do?

Mr. **Finkelstein**. We have contracts with each of the 50 States. It is basically their data, but the difficulty we have results from our need for getting complete data.

The first body of information depends on our definition of a fatality. We use a 30-day definition. That is, we count all fatalities that occur within 30 days of the crash. So, you cannot get the fatalities accurately for any given month until at least 30 days after that period. The data then is assembled by the State for the various jurisdictions within the State. In some States it is electronic; in most States it is not.

In addition, other information than that on the police report is assembled—information from medical examiners on blood alcohol concentrations, for example. The people at the State capitals who assemble this data then use highway system maps to identify locations and for the speed limit analysis, for example, it is important that we know precisely whether a fatality occurred on a rural interstate highway or on some other road system, and whether the section of the interstate highway was posted at 65 mph limit.

We can generally provide estimates of aggregate fatalities that are reasonably reliable 2 months after the close of a given month. To get more precise disaggregated data takes 3 to 4 months. By mid-May we have a file that is better than 98 percent accurate for the preceding calendar year and at that time the analyses are fairly straightforward. The data is on computer and the analyses we do can be completed quickly. The interpretations are what usually takes more time.

FATALITY DATA AVAILABILITY

Senator **Lautenberg**. You know what the urgency is here. It is obvious. I mean, it is not to prepare an eloquent report. Obviously, the mission is to save lives, and the sooner we get on with that task, the better off will be those families who do not have to experience the anguish of a lost or injured family member.

I would ask you please try to accelerate the process, because if you get your information within 2 months of the last cutoff, that is a monthly reporting cycle, right?

I am not a statistician, but I think that it would be possible to get some idea of where things are going by using the information arrived at at the end of 10 months or so. We have got 46,000, 47,000 lives on balance that we are talking about, lives lost in a year. That is not a huge amount of information.

That kind of data should be available. If we had 10 months' worth of that data, I think we would have a pretty reliable sample. I would prefer to see it all in one final report, but it would help us enormously in terms of any legislative action we are going to take to be able to have more current information than 1987.

Mr. **Finkelstein**. Well, the 10-month data does show, as I said earlier, an increase, but the rate of increase is much lower than occurred during 1987. In any case, it appears that there has not been a decline in fatalities. A precise estimate of the long-term impact is still difficult. In the near term the data is continuing to show increases in fatalities.

DRUNK DRIVING

Senator **Lautenberg**. Thank you. As you have heard and as I hope you know, a major concern of mine is drunk driving. Those lives are lost needlessly. It is a national calamity. We have made some progress. The 21 drinking age bill, we are told, has saved some 4,000 youngsters from dying on the highways since it first went into force.

We are still losing 24,000 people a year to drunk driving. What has been the trend in drunk driving deaths in recent years?

Mr. **Smolkin**. Mr. Chairman, I would like to take this opportunity to hand that question to Bill Scott. George Reagle, the Associate Administrator for Traffic Safety Programs, would have been with us today but was unable to because of a death in his family.

DRUNK DRIVING INITIATIVES

Mr. **Scott**. Mr. Chairman, the progress that we have made throughout the 1980's in fighting drugged and drunk driving on the highways has been both historic and remarkable. Up until the 1980's we never had demonstrated as a nation any real progress against this menace.

I know that you are well aware of this, but I will just give you a couple of quick statistics. There has been a reduction in alcohol-related fatalities of about 27 percent from 1980 to 1987, and the reduction in the deaths of young people, young drivers in the 15 to 19 age range has been even more remarkable. That obviously is due in great measure to the legislation that you sponsored and the adoption by all 50 States now of the 21 minimum drinking age.

But again, throughout this period there has been, particularly in the early 1980's, a big increase in drunk driving arrests. So we have had significant enforcement activity increases. We had a huge social change in the way that we, as a society, view drinking and particularly drinking and driving.

We have to give much credit to organizations like Mothers Against Drunk Driving that helped initiate and foster that change. There have been other broad social changes that account for the progress and, I think, bode very well for the future.

As I mentioned, the whole way the society views drinking and driving has changed, which in turn, has led to the beginning of changes in behavior. The adoption, the widescale adoption really, of various strategies that get put under the designated driver category where people who know they are going to be at a social event or an evening where there will be drinking make arrangements to have a designated driver or take other forms of transportation, stay over and the like, that kind of change is very dramatic.

I just saw recently, where for the first time in many years we have seen a reduction in drinking, self-reported drinking by high school students. In recent results from the Michigan survey, which had been showing a decline in the usage by high school students of other drugs for some time now for the first time showed a reduction in the self-reported use of alcohol.

So all those things, I think, have helped contribute to a situation where we have seen major progress.

DRUNK DRIVING LEVEL OFF

Senator LAUTENBERG. Are we seeing a leveling off?

Mr. SCOTT. I was just getting to that. Unfortunately that progress really accelerated in the early 1980's but by 1985, though, it began to plateau.

Senator LAUTENBERG. Do you have a perspective or view on what might have caused that leveling out?

Mr. SCOTT. I think there are at least two major reasons. One is that clearly we got the easy people first. Indeed, there is a hard core of abusers of alcohol who have probably been the least touched by this effort. Two, society's attention and focus on this problem has changed as a result of other problems coming to major public attention—AIDS and drugs such as cocaine and the like.

Senator LAUTENBERG. But you just made reference to the fact that we have seen social habits changing, people more aware of the fact that alcohol presents all kinds of problems. You would think that that would be a natural force for reduction in drunk driving fatalities.

So we are losing what could be interpreted as that gain. Is that a fair observation?

Mr. SCOTT. I guess it may be fair, Senator, but I would characterize it slightly differently. What I believe we are seeing is that we are losing the momentum; that is the rate of progress that we were making year to year from 1980 though 1985 has slowed and in fact looks like it has leveled off.

I think the best we are doing right now is holding our own. I think that some of those broad social things that I mentioned that were taking place will continue to take place and provide a wellspring of support for continued progress.

DRUNK DRIVING PREVENTION ACT

Senator LAUTENBERG. OK. Last year I authored the Drunk Driving Prevention Act that was signed into law as title IX of the omnibus drug bill. That bill that I authored established a new section 410 grant program to encourage states to adopt tougher drunk driving laws. It was estimated that the key element of this bill, administrative revocation of license, could reduce drunk driving fatal accidents by as much as 9 percent.

What is the status of that in short form, and will the agency meet the rulemaking deadlines?

Mr. SCOTT. Yes, we will. We will meet the statutory deadlines by having a notice out by May 18, and a final rule out by November 18, 1989.

410 PROGRAM FUNDING

Senator LAUTENBERG. Did NHTSA request any funds for the newly authorized 410 program?

Mr. SCOTT. No.

Senator LAUTENBERG. Why not?

Mr. SCOTT. It was the judgment of the Department that because of the length of time it would take to complete the rulemaking action and our early assessment of the likely eligibility of States to qualify for funding was that it would be sometime well into the next fiscal year before we could have a sound basis for requesting funds.

NEW JERSEY EMS 911 PROJECT

Senator LAUTENBERG. OK. I hear you, but I do not agree.

I want to ask you a question about progress in the implementation of a New Jersey EMS 911 access project that was earmarked by the 1989 budget conference at $2 million. Can you tell me where we have gone so far on this?

Mr. SMOLKIN. Progress has been substantial in this area, Mr. Chairman. The New Jersey Office of Highway Traffic Safety delayed grant application until passage of the Enhanced 911 legislation was completed. The legislation mandating the establishment of the Statewide 911 was enacted on January 19.

The State then submitted their grant application. The statute itself establishes the schedule for implementation of this program. We expect municipalities and telephone companies to start implementation by January 19, 1992, and planning will take place in the intervening period.

Senator LAUTENBERG. Thank you very much. I am going to turn the hearing over to Senator Harkin now, and I thank you for being with us. He will continue with questions. I have questions for you which I will submit for the record. We would ask for a prompt response. Thank you.

Mr. SMOLKIN. Thank you, Mr. Chairman.

Senator HARKIN [presiding]. Gentlemen and lady, I had some questions regarding automotive factors.

There were approximately 47,000 deaths and 2 million injuries due to accidents involving moving vehicles in 1988. The direct cost of these accidents may be close to $60 billion. I understand that part of the charge of NHTSA is to conduct and otherwise promote research having to do with human factors associated with safety. Is that correct?

Mr. SMOLKIN. That is correct.

ACCIDENTS INVOLVING HUMAN FACTORS

Senator HARKIN. What percentage of moving accidents do you believe involve a human factor such as driving error or fatigue and what percentage might involve drunk driving or driving under the influence of drugs? Do you have any data on that?

Mr. FINKELSTEIN. Yes, sir; the information that we have indicates that human error may be involved in between 80 and 90 percent of all crashes as a contributing factor, that it probably is the principal cause in upwards of 60 percent of crashes.

Senator HARKIN. Sixty?

Mr. FINKELSTEIN. Sixty percent.

Senator HARKIN. It is the principal cause?

Mr. FINKELSTEIN. Human error is the principal cause of crashes. Alcohol-involved crashes are responsible for 40 percent of fatal crashes and more than 10 percent of all crashes. Drugs are present in between 10 to 20 percent of drivers in crashes. Further the driving task is getting more complex as the population ages. Inattention and management of information in the vehicle is increasingly difficult for an aging population.

DRUG INVOLVEMENT IN ACCIDENTS

Senator HARKIN. Let me ask you this. When you say drugs were involved, do you include alcohol in that?

Mr. FINKELSTEIN. No; that is in addition to alcohol. Drugs other than alcohol appear to be present in 10 to 20 percent of drivers involved in crashes, although we do not have enough information yet on cause and effect relationships of drugs as we do with alcohol.

Senator HARKIN. Just an aside on that: Do you have any data on how many crashes have occurred in the last year when people were using car phones?

Mr. FINKELSTEIN. We have been asked that question before and we really do not yet see a problem. We keep looking for information like that in our accident data, but in all likelihood, because car phones wind up in the newest cars and among drivers in upscale demographic groups, who are the least likely to be involved in crashes, we have not found car phones yet showing up in our data as a contribution to crashes.

Senator HARKIN. In light of the huge costs of these accidents, not just in economic terms but in human suffering, do you believe that we are doing enough to find ways to reduce the number of accidents caused by human factors?

Mr. **Finkelstein**. We are working in a number of areas dealing with driver behavior, such as drinking and driving and increasing seatbelt use, but in dealing with general issues of the man-machine interaction in surface transportation, we have very little work going on.

SIMULATOR CAPABILITIES AND BENEFITS

Senator **Harkin**. I understand that Mercedes Benz has a simulator in West Germany which is being used to examine human interaction with automotive and truck design—this human-machine interface. What are the capabilities and benefits of this simulator?

Mr. **Finkelstein**. We currently have one project under way cooperatively with the German Government using that simulator. It is far and away the most realistic simulator in the world. It is capable of incorporating a full vehicle or a full truck cab, so you get a realistic vehicle environment. It has 180 degrees' worth of graphics that are computer-generated.

It has six degrees of motion freedom. It is based on an aviation model. It probably allows Mercedes Benz to shorten its design schedule for new product development compared to its competitors. It would allow us, if we had a facility like that, to run controlled experiments dealing with drivers as they approach limit conditions. These are dangerous conditions which we just cannot experimentally expose human beings to in other situations.

Senator **Harkin**. How often do you use that? You say you have a project ongoing now. How old is that simulator?

Mr. **Finkelstein**. The Mercedes simulator was designed in 1980–81. It has been in operation for the last 4 years. We have one single project there, and it was just a very long process of negotiation even to get that project under way.

SIMULATOR LIMITATIONS

Senator **Harkin**. What are the limits, if you know, of their simulator which we would likely be able to overcome with our present computer capabilities?

Mr. **Finkelstein**. There are two kinds of limits. First, there are computer limits that no longer exist because of much faster computational capability. The major limiting factor reported by the Mercedes simulator is a lag time, probably on the order of a tenth of a second, which is just at the margin of what drivers can perceive, between the vision and the motion cues produced by the simulator.

Current computing technology should be able to reduce this by more than half and get any lag beyond the level where humans can perceive it.

The computer graphics that were then available are flat. That is, they did not have texture built in. Current computer graphics technology can add texture to a scene, making it more realistic.

Two additional limitations are ride quality and acceleration cues. The ride quality is too smooth. It is possible to induce a slightly rougher road surface that has a more realistic feel for drivers.

And finally, the simulator is good on certain kinds of motions, but since it is based on an aviation model, it is not as good as it could be on dealing with acceleration. Acceleration is one of the principal phenomena you have to deal with in a motor vehicle simulator.

Senator HARKIN. Acceleration and deceleration, I suppose.

Mr. FINKELSTEIN. And deceleration, yes. And virtually all of those problems, all of those limitations could be overcome using currently available technology.

Senator HARKIN. Is there any other facility that has simulators other than the Mercedes Benz facility, where we can acquire this kind of information?

Mr. FINKELSTEIN. There is no other simulator that is nearly that good, and there is no motor vehicle motion-based simulator in North America. There are a few other motion-based simulators in Europe, but again they are generally proprietary and it is difficult to get access to them.

Senator HARKIN. Does General Motors have one?

Mr. FINKELSTEIN. General Motors does not.

Senator HARKIN. Ford?

Mr. FINKELSTEIN. Ford does not.

Senator HARKIN. Chrysler?

Mr. FINKELSTEIN. Chrysler does not.

SIMULATOR FACILITY LIMITATION

Senator HARKIN. None of them. Are there any limitations on the use of this Mercedes Benz facility?

Mr. FINKELSTEIN. Well, the two major limitations are, first, availability, because it is their facility and they use it for their own projects.

A second limitation is the result of their proprietary development of their simulator. The workings of the computer software packages are just not available to outsiders, so it is a complex process to design a project. You give them a problem definition and you can subsequently evaluate what they have produced, and they do a very good job. But it would be a lot easier to use the simulator, if one had direct access to the software that drives the simulator.

Senator HARKIN. Do the limits, which you just described, on our using their facility place our manufacturers at any kind of competitive disadvantage?

Mr. FINKELSTEIN. Well, I think you would have to ask them. I would think that the advantages available to Mercedes Benz in product development and in basic human factors science should place manufacturers without simulators at a disadvantage. We are at a point now where there is a lot of new technology coming available in motor vehicles and it is technology that is evolving much more rapidly than it has in the past.

And it is radically different than the technology that motor vehicle manufacturers are used to dealing with. I would imagine, given this new technology, a major simulator should put an organization at a distinct advantage in the development of new high technology products.

FACILITY DEVELOPMENT

Senator HARKIN. If there are considerable advantages in developing such a facility, why have the U.S. manufacturers not built one—Chrysler or Ford?

Mr. FINKELSTEIN. Well, it is not inexpensive. Our estimates are that we are talking about maybe a $25 million facility. But I think that it really dates back to early work in the 1960's and early 1970's when manufacturers and researchers in this country used simulators. It was not a very satisfactory experience because the technology did not exist to develop realistic simulators. So these researchers turned to other techniques.

One of the interesting things is that most of the technology being used in the Daimler Benz simulator is American technology. Simulator technology has very rapidly evolved in the last decade and highway safety researchers have just recently become aware of it.

There is a growing interest in simulators on the part of the domestic manufacturers, but it has not gotten to the point where they have made decisions to go ahead and build their own facilities.

ADVANTAGES OF FACILITY DEVELOPMENT

Senator HARKIN. Can you just describe what would be the advantages in having the facility built by government or some other entity that is separate from industry?

Mr. FINKELSTEIN. Well, there is a wide variety of research that one could do, and the research would benefit a wide variety of sponsors. For all concerned with limit conditions for vehicle dynamics, conditions when crashes occur, a simulator allows you to run controlled experiments which you really cannot perform any other way.

As you get more and more information processing equipment on cars—navigation systems, warning systems—simulators help understand how much information drivers can use.

We are interested in determining a driver's capability to process information. Such information would be very helpful to product designers as well as to those of us in the government who are responsible for evaluating the safety of new technology.

Of a more general nature, simulators have applications when you look at drug problems. In this country we have a great deal of knowledge about alcohol, and it all revolves around understanding alcohol doses and physical responses. We can link alcohol use to crash risks. While we know that there are drugs that impair driving skills, we do not have good information allowing us to link specific dosage levels to crash risks. To develop meaningful drug enforcement programs for legal drugs, for prescription drugs, one would have to develop a body of information on dose response data to allow us to intelligently know what kind of drug doses should be prohibited when you are driving.

A similar problem deals with an aging population. We all know what the demographics of the United States look like. What we do not know is what is going to happen to older drivers as they are confronted with new technologies, or just as they have to deal with the driving task in the present environment. A simulator could be a very valuable tool to examine their problems and develop solutions.

There is a wide enough variety of tasks that public access to a simulator of this kind would be a very major benefit. At some point, presumably if car companies convinced themselves that it was a real benefit to them in product design, they would go out and replicate facilities of that kind.

Senator **Harkin**. I assume that there would be some advantages beyond just automobiles. Trucks. How about farm equipment? How about maybe even in the defense area?

Mr. **Finkelstein**. Well, there could be benefits in several areas. Whenever you are dealing with vehicles that are operating on the surface environment, if we can develop the technology in this simulator, it is conceivable that there are a lot of applications that would apply to both agricultural equipment and specialized vehicles developed for the Defense Department.

It might be possible to develop specialized simulators, conceivably at less cost, when one learns what the specific tailored requirements are in various fields.

FACILITY AVAILABILITY

Senator **Harkin**. Would you like to have such a facility available to you on a more readily available basis than the Mercedes Benz facility?

Mr. **Finkelstein**. We believe that a major simulator would be of extraordinary value on a wide variety of research problems.

Senator **Harkin**. Any other comments you want to make on this area? I went through the questions that I wanted to ask you about it.

Mr. **Finkelstein**. No; but this is just a field where the technology has advanced a lot. A great many people are looking at it. We are currently sponsoring a feasibility study in conjunction with the University of Iowa which we expect will give us hard data and allow us to make decisions on just how viable a simulator would be.

Senator **Harkin**. Have you taken a look at what something like this, a present state-of-the-art simulator, might cost if we had some kind of a costsharing arrangement maybe?

Mr. **Finkelstein**. Our best guess is that the total physical facility should be able to be built for somewhere on the order of $25 million to $30 million. I was reasonably comfortable with that number until my colleagues in the French Government told me that they were examining a similar facility and their estimates were about 25 or 30 percent higher.

Senator **Harkin**. So the French are thinking of building one?

Mr. **Finkelstein**. The French have a feasibility study that is probably 3 or 4 months ahead of ours.

Senator **Harkin**. Is that right? How far along is ours?

Mr. **Finkelstein**. Ours is fairly far along. We have a team of government, university and industry researchers who are assembling the information to define specifically what tasks such a simulator would be used for, then what design specifications would be needed to satisfy the requirements of industry and government. I would expect that within the next few months they should have some reliable estimates of cost and some indications of the range of interest among the user community.

Senator HARKIN. Could we get that report for the purposes of marking up our bill?

Mr. FINKELSTEIN. We will make it available as soon as it is available to us, sir.

Senator HARKIN. I appreciate that very much.

Thank you all very much. I appreciate your interacting with me on those questions and answers, and thank you all. We would like to call back the RSPA panel.

Mr. Tenley, thank you and the rest for coming—Mr. Tenley, Mr. Roberts, Mr. Beam.

Mr. TENLEY. Mr. Beam is not present, Mr. Harkin. After the initial hearing he went back to the office. It is my error, perhaps. I assumed the issue that you might want to speak about and if I am in error I will do the best I can on Mr. Beam's topics as well.

RECLASSIFICATION OF ANHYDROUS AMMONIA

Senator HARKIN. In the fiscal year 1989 transportation appropriation's committee report language was adopted which noted that the Department of Transportation is considering the reclassification of anhydrous ammonia as part of an extensive review under way regarding a proposed rulemaking to amend hazardous materials regulations and to conform them to U.N. standards.

The committee noted the Secretary of Agriculture's concern about the potential negative impact of this proposed rule on U.S. farmers and many other segments of the agriculture community and urged the Department to retain the present classification of this important plant nutrient.

The subcommittee noted that anhydrous ammonia accounts for over half of the U.S. fertilizer supply, and has been safely used by farmers for many years. The subcommittee noted that if the proposed rule were to be finalized in its present form it could generate excessively higher insurance rates, severely affect insurance availability, and cause transportation difficulties because of local restrictions.

Further, I would like to note that the proposed standard simply does not meet DOT's or EPA's proposed inhalation toxicity criteria. A number of Senators met with the Director of RSPA in my office last year and it was determined that there would be no rulemaking on this issue in fiscal year 1989.

I have also introduced legislation providing that a rulemaking that would classify anhydrous ammonia as a poisonous gas could not be finalized until 180 days after a report on the potential impact of reclassification is submitted by the Secretary of Agriculture. The measure has 19 cosponsors. There is related legislation which has been introduced to simply block the issuance of such a rule, and that measure has been sponsored by 27 Senators.

STATUS OF RULEMAKING

Well, that is just a bit of background information. I would appreciate your explaining exactly where the rulemaking is in regard to anhydrous ammonia.

Mr. **Tenley**. Last Thursday the comment period closed on a supplemental notice of proposed rulemaking which we put out toward the end of 1988. We have got a lot of work to do in terms of evaluating a very lengthy docket. Unfortunately, and I know we have corresponded with you about this issue on several occasions, that rulemaking docket is quite sparse in actual data which would give us information on the impacts of the reclassification proposal.

The legislation that you mention, which has been introduced both in the House and in the Senate, speaks to the Department of Agriculture taking a look at what the economic impacts would be in the farm community, impacts which we realize are very important and which would inform any type of rational approach we would take to the rule.

However, I feel that a legislative proposal which goes only to the economic aspects and the agricultural aspects, insurance and what have you, may be too narrowly drawn because the purpose of the rulemaking was to get a broader base to include safety impacts. As I mentioned to Senator Grassley earlier in the hearing, a bill that Representative Smith put in on January 3, H.R. 370, would have the Office of Technology Assessment do a study of the type you are talking about and set some parameters for the study which would include issues of safety, which as a legislative alternative I would favor.

So the rulemaking stands here. It is a rather extensive rulemaking. We will be well into fiscal year 1990 before we could expect any final rulemaking on the docket because many other substantive issues besides anhydrous ammonia are implicated in that rulemaking. In other words, we will keep the promise we made you in our letter of last year.

Senator **Harkin**. What is the expected timeframe for future action in regard to this rule? What is the timeline, looking ahead?

Mr. **Tenley**. The best I can tell you now is we are well into calendar year 1990 before H.M. 181, which is the omnibus docket of which this is a part, could actually go to final rule. As I said, we may have supplemental rulemaking on other issues in that docket.

Senator **Harkin**. So that would be the earliest point at which a likely rule could be promulgated?

Mr. **Tenley**. That is right.

Senator **Harkin**. That would be calendar year 1990?

Mr. **Tenley**. Right.

OTA STUDY

Senator **Harkin**. I understand—wait a minute. Before I go on, something is nagging here at me. You said that there is a bill introduced that would involve OTA?

Mr. **Tenley**. Yes; Representative Smith, H.R. 370. On January 3 she put in two bills, H.R. 370 and H.R. 371. One mandates Agriculture do the study; the other mandates OTA.

Senator **Harkin**. To do what?

Mr. **Tenley**. To do the study and prevent us from taking any action until 90 days after the report is presented to the Congress.

Senator **Harkin**. That has just been introduced. There is nothing happening? The OTA is not involved in this yet?

Mr. **Tenley**. Not as yet; no, sir.

Senator **Harkin**. You have not involved OTA?

Mr. **Tenley**. No, sir.

Senator **Harkin**. Did they comment?

Mr. **Tenley**. OTA?

Senator **Harkin**. Yes.

Mr. **Tenley**. No; they have not. Senator Grassley has offered his good offices as someone who is involved with OTA should we have any issues we can bring to that mechanism, but as of yet nothing has transpired.

UNITED NATIONS ACTION

Senator **Harkin**. I understand that the decision to classify anhydrous ammonia as a poisonous gas was put on hold by the United Nations Committee on the Transportation of Dangerous Goods. What effect will that decision have on your decisionmaking process?

Mr. **Tenley**. Well, actually there is a little misunderstanding as to what the United Nations did. The United Nations, and two of the bodies that use the United Nations Recommendations—the International Civil Aviation Organization and the International Maritime Organization—already have anhydrous ammonia classified under one of three divisions under the class of poisonous gas.

The issue has been before the United Nations as to whether or not the United Nations Recommendations will adopt that system or a system of three classifications or perhaps more. The Soviets, for example, offered up nine. So the decision to hold off was not a decision as to whether or not anhydrous ammonia should be a poisonous gas; it is how you break out in these regulations the various subdivisions of a class of poisonous materials.

So it is very much a procedural step and not a substantive step.

TOXICITY OF ANHYDROUS AMMONIA

Senator **Harkin**. I understand that the considerable bulk of studies show that ammonia is not a poisonous gas on the basis of LC-50, lethal concentration for 50 percent of the population, these studies under RSPA's classification. A number of studies show LC-50 rates at more than 10,000 parts per million.

How does that impact your decisionmaking?

Mr. **Tenley**. Well, we came to this whole notion of reclassification, by looking at two criteria. One, what does the literature say about a material? And what is the actual transportation data that we have?

If you could find data that indicated that you had a particular problem in reclassification, that is a basis to go to rulemaking. If you had literature which indicated that LC-50 rates gave you a certain classification, that would be a basis. And there is argument in the scientific community about how anhydrous ammonia works in the body.

To us, the fact that it corrodes the lungs upon contact versus a systemic effect really is of little consequence if it is going to kill you as rapidly as anhydrous ammonia can kill you and has killed people in transportation. So while certainly the technical assessment of what anhydrous ammonia is is relevant to us, as a safety agency when we have transportation data which suggests it kills we have to look at it from that standpoint as well.

CONSIDERATION OF COMMENTS

Senator HARKIN. Can you examine the material received on the increased costs of labeling anhydrous ammonia as a poisonous gas? To what extent would that be considered in the rulemaking process?

Mr. TENLEY. We have practically no cost data on that point, although I will say that on the closing day for the comments, March 9, the Fertilizer Institute put in very comprehensive comments which have yet to be analyzed. I have only seen them briefly. But I think from what I know about the docket to this point we can view those as the most substantive comments we have yet received.

Senator HARKIN. So they will be considered?

Mr. TENLEY. We have to, and under other Federal statutes governing how we do rulemaking, we have to do cost-benefit analyses. In fact, Secretary Burnley told Congresswoman Smith, as well as Congressman Roberts, that with respect to insurance, for example, the Department of Transportation is never going to mandate or deny the transportation of a commodity if you cannot get insurance to do it.

So as regulators in a subagency of the Department we are already on the dime to look at that issue.

Senator HARKIN. Well, I appreciate your response to those questions, Mr. Tenley. I just have to tell you that this is an area of intense interest for me. I have a feeling that there are—and I am not pointing fingers at anybody—a lot of things that are looked at in the abstract without considering various realities.

A reclassification of anhydrous ammonia as a poisonous gas would cause a great disruption in agriculture in rural areas. Reclassifying anhydrous ammonia as a poisonous gas could really hamstring us in rural America.

It looks somehow like the United Nations may be backing off a little bit, I see no reason why we ought to be plunging ahead in that. Evidently we are on a course of action that must be played out, with proposed rules and everything. But I think you surely must detect a great bipartisan concern among a lot of us who represent rural areas that this would have a devastating impact on us.

Mr. TENLEY. If I might comment. We are in somewhat of a difficult position. We have an open rulemaking. We have to proceed along the ground rules for open rulemaking, and there is no question that the perception—and it is no longer a perception; it is a fact—of concern about these impacts have been brought to our attention through congressional leadership as well as the industries involved.

It is our responsibility to take that concern and that interest and put it into our rulemaking process. And at one level we can do that without any trouble. When a Senator tells us he has got a problem with something, we have got a problem with something.

The problem for us is, when we go to the docket in which we have asked for substantive comments and the docket is so lean, we ask ourselves where is the data to back up the potential impact. And it is very frustrating for us, to tell you the truth, to deal with this issue because on the one hand we have got the pressure and on the other hand we cannot find any relief for the pressure through the rulemaking process.

I can tell you it takes up a lot of my time and Mr. Roberts' time. We are very sensitive to the concern.

Senator HARKIN. Well, I appreciate that. I guess I approach it from the other end. I say well, if there was not a problem there, why did you propose the rule in the first place?

Mr. TENLEY. Well, because, as you know from our prior conversations, anhydrous ammonia is but one of some 70 gases about which we need to take a fresh look, and it has been caught up in that exercise. The notice which closed last Thursday recognizes and requested comments on the notion of possible alternatives either to classification or to the operations with anhydrous ammonia.

Can we look at anhydrous ammonia in one area different than we look at anhydrous ammonia in another? So we have not foreclosed those possibilities in our process.

Senator HARKIN. OK. I appreciate that. Thank you very much. Thank you all very much.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SPEED LIMIT ENFORCEMENT

SENATOR LAUTENBERG: Why was the report on the impact of the 65 mph limit released three and a half months late?

ANSWER: The report required careful data analysis as well as agency and departmental review. Also, last September, Congress asked NHTSA to expand the report to include identification of 15 highway segments adversely affected by the higher speed, which required additional time to address. (See conference report on DOT FY 1989 appropriations bill, September 22, 1988). In combination, these factors caused a delay in submitting the report to Congress.

SENATOR LAUTENBERG: Do you agree that the compliance monitoring program could be improved?

ANSWER: After extensive consideration of alternative methods for measuring the States' compliance with the national maximum speed limits, the Department concluded that each alternative could lead to results that are no more rational than those under the present compliance formula. Any attempt to set a pass/fail level will necessarily be arbitrary and will create a potential penalty for some States whose speed enforcement efforts and fatality experience are superior to those of other States not threatened with penalties. The alternative compliance formula suggested by GAO also fails to take into account highway safety factors other than speed, and fails to take into account speeds on roads posted less than 55 mph. Such formulas would, therefore, continue to distort allocation of police resources. In testimony before Congress and in reply to the 1988 GAO report, entitled "Highway Safety: Monitoring Practices to Show Compliance With Speed Limits Should Be Reexamined," the Department recommended that Congress repeal the compliance criteria, and the sanctions for noncompliance. However, we believe the collection of speed data may be useful to the States for their own enforcement and analysis purposes. The Department wants to assist the States in collecting good quality data on speed, without distortions caused by funding sanctions.

SENATOR LAUTENBERG: Did the Department respond to GAO's March 1988 recommendations for changes to that program? Please provide a copy of that response for the record.

ANSWER: The Department's response was included in the final GAO report (Number GAO/RCED-88-93BR), entitled "Highway Safety: Monitoring Practices to Show Compliance With Speed Limits Should Be Reexamined", dated March 1988 - The response was:

DEPARTMENT OF TRANSPORTATION
Reply to GAO Report of January 25, 1988 on Highway Safety: Monitoring Practices to Show Compliance With Speed Limits Should Be Reexamined
Summary of GAO Findings and Recommendations

The GAO found and/or concluded that (1) the six States (Arizona, Idaho, Maine, Maryland, New York, and Vermont), whose speed limit monitoring programs were surveyed by the GAO during the review, had monitoring programs that were generally in compliance with applicable regulations and the monitoring stations were, for the most part, located in accordance with the FHWA guidelines,

(2) although several discrepancies were found with regard to FHWA's monitoring program, corrective actions are being or have been taken, and consequently, no recommendations are being made with respect to FHWA's monitoring program, (3) the FHWA's initial active involvement in the development and implementation.of State monitoring plans has decreased, (4) the States differ in the amount of effort spent in enforcing the 55 mph speed limit, but the GAO found little relationship between speed limit enforcement activities and the level of motorist compliance, and (5) the speed monitoring aspect of the program does not correspond well with the primary objective of the 55 mph national speed limit, which is to improve highway safety.

The GAO recommended that the Secretary of Transportation direct the FHWA Administrator to examine the feasibility of introducing a weighting scheme that places greater emphasis on high-speed driving, violations on roads with poorer safety records, and the intensity of a State's enforcement efforts. The GAO further recommended that the Secretary report to the Congress the results of this examination, including any recommended legislative changes considered necessary to improve the compliance monitoring system.

Summary of Department of Transportation Position

In the Department's February 25, 1988 testimony before the Senate Committee on Public Works and Transportation, we illustrated how the recent amendments to the speed limit worsened the flaws in the speed limit compliance criteria established by Section 154 (National Maximum Speed Limit) of Title 23, United States Code.

These criteria were already badly flawed. We stated that we agree with the GAO that the present compliance criteria fail to recognize the threats to highway safety posed by different types of speed violators, such as those whose speeds are far in excess of the limit or who speed on two-lane highways where the risks are greater than on freeways. In concluding our appraisal of the compliance criteria, we stated that by looking only at roads posted at 55 mph, the criteria completely ignores the very real risk of speeding on other more dangerous roads, which are usually posted at lower speeds. In response to the GAO draft report, we can affirm each of these statements.

We differ with the GAO in that we do not believe that the flaws of the compliance criteria will be eliminated merely by changing the criteria. We believe it is likely that the principal effect of a new weighting scheme would be to cause the States to adopt new stratagems to avoid the threat of penalties. Any new approach, such as those recommended by the GAO, which kept a minimum level for compliance, would result in new States being at risk of losing highway funds, despite enforcement efforts that might exceed those of many States which are not threatened with sanctions. We believe that any such outcome would be contrary to the interests of safety.

We have therefore recommended, both in testimony before the House Public Works Committee in March 1987 and in last month's testimony before the Senate, that Congress should seriously consider abandoning the entire compliance and sanctioning process, returning to the pre-1978 process. This would require governors to certify that no road has a posted speed limit above the maximum levels imposed by Congress and their enforcement efforts are in place. The States would once again be able to determine the level of speed monitoring and speed enforcement necessary without fear of financial sanctions. We have confidence in the States' abilities to enforce their laws without detailed Federal oversight.

While we would prefer giving all authority for setting speed limits back to the States, Congress has acted to maintain the National Maximum Speed Limit. In view of this action, we recommend reforming the law to keep the requirement for the States to certify that they have posted the correct speeds, but to repeal the compliance criteria, the sanctions for noncompliance, and the federally mandated monitoring and reporting requirements. We expect that the States would continue to monitor speeds for their own highway safety programs, and we would encourage them to do so.

SENATOR LAUTENBERG: What sanctions have been imposed for non-compliance with the speed limit?

ANSWER: Final sanctions under the National Maximum Speed Limit (NMSL) law have been imposed only in one instance. On January 22, 1987, the Secretary of Transportation imposed a penalty of one percent of Arizona's non-Interstate Federal-aid highway funds for Fiscal Year 1986 for the state's failure to comply with the motorist speed criteria in the NMSL law during Fiscal Year 1984. However, the statute (23 U.S.C. 154(h)) also provides that the Secretary shall promptly apportion to a State any funds that have been withheld if the percentage of motor vehicles in the state has dropped below fifty percent. Arizona came into compliance with the NMSL criteria for Fiscal Year 1987. Consequently, on February 2, 1988, the Administrators of the Federal Highway Administration (FHWA) and the National Highway Traffic Safety Administration (NHTSA) notified Arizona that the one percent penalty would be apportioned to the State.

SENATOR LAUTENBERG: In a case where a State was not in compliance, and therefore subject to sanctions, but not sanctioned, what was the Department's rationale for not exercising its authority?

ANSWER: The Department of Transportation has instituted proceedings against all states that have submitted data indicating noncompliance with the speed limit law. In every instance, those States have come back into compliance prior to the completion of the proceedings. Consequently, while some funds have been reserved pending a final determination of compliance or noncompliance, no other sanctions have been made against a State for a noncompliance.

Section 351 of the Department of Transportation and Related Agencies Appropriations Act of 1989, P.L. 100-457, enacted September 30, 1988, precludes the Secretary from continuing any proceedings or imposing sanctions with respect to speed data collected in fiscal years 1986, 1987 and 1988. The legislative history of this provision was intended to give Congress time to continue its reexamination of the issues associated with the existing National Maximum Speed Limit laws, without burdening the States with noncompliance proceedings whose outcome might be altered by future legislative amendments.

SPEED LIMIT ENFORCEMENT

SENATOR LAUTENBERG: Are there sanctions now pending?

ANSWER: Currently, there are no proceedings underway for noncompliance with the NMSL. All proceedings and sanctions with regard to speed data collected through Fiscal Year 1985 had been terminated as provided by the NMSL. The Department had several proceedings underway with regard to speed data for FY 1986 and 1987. However, Section 351 of the Department of Transportation and Related Agencies Appropriations Act of 1989, Pub. L. 100-457, enacted September 30, 1988, precludes the Secretary from continuing those proceedings or imposing sanctions with respect to speed data collected in fiscal years 1986, 1987 and 1988.

The legislative history of this provision indicates that it was intended to give Congress time to continue its reexamination of the issues associated with the existing national maximum speed limit laws, without burdening the states with noncompliance proceedings whose outcome might be altered by future legislative amendments.

That moratorium does not apply to speed data collected during FY 1989. Thus, unless Congress amends the NMSL this year, the Department will be required to institute proceedings next year for any State that does not meet the compliance criteria for this fiscal year.

SENATOR LAUTENBERG: What did your recent assessment of the 65 mph impact on rural Interstates conclude?

ANSWER: The principal conclusions of the agency's "Report to Congress on the Effects of the 65 mph Speed Limit During 1987" were:

All rural Interstate fatalities in 1987 increased compared to 1986. The increase was 19 percent in the 38 states that increased the speed limit at some time during 1987 and 7 percent in the 10 States that retained the 55 mph speed limit on rural Interstates. Nationwide, rural Interstate fatalities increased 18 percent in the 48 states with these highways (Alaska and Delaware do not have rural Interstates) compared to 1986.

The fatality rate (fatalities per 100 million miles) on rural Interstates increased by 15 percent in 1987 compared to 1986. The fatality rate increase was 14 percent in the 38 States that increased the speed limit. In the States that remained at 55 mph, the fatality rate was unchanged.

Based on travel speed data provided to NHTSA by thirteen states that increased their rural Interstate speed limit, average travel speeds on rural Interstates in the first full calendar year quarter after the speed limit change (July through September 1987) increased. The increase was from 60.3 mph to 62.2 mph compared to an increase from 57.2 mph to 57.6 mph in rural Interstate speeds in States that retained 55 mph.

There was much State-to-State variation in the 1986-1987 changes in rural Interstate fatalities. For the 38 states that increased their rural Interstate speed limit in 1987, rural Interstate fatalities increased 21 percent compared to 1986 for the days the higher speed limit was in effect. However, of the 38 States, eleven had no increase or a decrease in fatalities while twenty-seven States had an increase. Further, eight of the 38 States accounted for 71 percent of the total 1986-1987 rural Interstate fatality increase in these states.

Rural Interstate fatalities account for about 5 percent of total traffic fatalities each year, or about 2,100 fatalities per year. An increase in rural Interstate fatalities of 20-25 percent (as estimated by the National Academy of Sciences) would effect total highway fatalities by about 1 percent.

The speed limit increase must be in effect for a longer period before its long-term effect on highway safety can be determined.

SPEED MONITORING DATA SUMMARIES

SENATOR LAUTENBERG: Update for the record the speed monitoring data summaries found on pages 221 through 232 of the Senate Hearings 100-853, Part 1.

ANSWER: The Federal Highway Administration has not yet prepared the speed monitoring data summaries for FY 1988. Data from California and Hawaii have not been submitted. When the final summaries are prepared by FHWA, the Agency will provide the requested information.

SPEED LIMIT

SENATOR LAUTENBERG: Why hasn't the agency spent more 403 funds on speed related research and demonstration projects, especially since speed is one of the major causes of motor vehicle crashes? Does NHTSA intend in FY 90 to give the issue of speed the emphasis and the resources it deserves?

ANSWER: The causes of traffic crashes, and the fatalities and injuries that result from them, are issues that the highway safety community has analyzed for years. The causes stem from three basic categories - the vehicle, the driver, and the environment.

There are many contributors to crashes within each of these. Agency data indicate that alcohol use by drivers and the failure of drivers and passengers to use safety belts and child safety seats are two of the primary contributing factors to traffic injuries and fatalities. There is less data available on speed, especially as to the actual travel speed of vehicles involved in serious crashes. The Agency does believe, based on discussion with law enforcement officials, that certain types of speed-related behavior, such as "excessive" speeding and reckless driving, are also significant factors leading to serious crashes.

Accordingly, the Agency committed $446,000 in FY 1988 and $680,000 in FY 1989 to speed related research and demonstration projects that will take several years to conduct and determine the results. In summary these efforts are: (1) to determine the effects of the speed limit change on fatalities by an analysis of Fatal Accident Reporting System data, and on actual vehicle speeds in selected States from around the county; (2) to demonstrate the effectiveness of combined enforcement and public information programs on speed limit compliance; (3) to determine whether increased speed enforcement will have a spill-over deterrent effect on crashes typically associated with other unsafe driving behavior; (4) to assess new technologies to assist law enforcement in enforcing posted speed limits; (5) to develop public information and education messages on speed for use in conjunction with speed enforcement efforts; (6) to support emphasis on speed enforcement programs; and (7) to measure the effects traffic enforcement, with an emphasis on speed, can have on crime and criminal activity.

During FY 1990, the Agency will be working with State and local law enforcement agencies and professional associations to complete the research and demonstration projects initiated in FY 1988 and 1989. Also, the Agency plans to commit an additional $700,000 to speed enforcement and public information and education programs during FY 1990. These efforts include: (1) to continue support of speed media and enforcement campaigns; (2) to continue the evaluation of the project to measure the effect traffic enforcement has on crime; (3) to continue technical assistance to States and community on effective traffic enforcements strategies and techniques; (4) to continue the research on the effectiveness of combined enforcement and public information programs on speed limit compliance; and (5) to demonstrate and evaluate the use of new technology to detect and to cite speed violators..

While the total amount of 403 funds committed are not as great as for other traffic safety problems, the Agency has been able to provide, through cooperative efforts with law enforcement, technical assistance on speed enforcement strategies at minimal cost yet achieving positive results. The more significant accomplishment has been to highlight speed enforcement as a priority enforcement function among law enforcement officials and associations. NHTSA has identified speed as a priority emphasis area along with drunk and drugged driving and safety belt and proper child safety seat use. The Agency will continue to focus on the issue of speed and will apply appropriate resources to these issues in FY 1990.

SENATOR LAUTENBERG: Earlier this morning, I announced that I was introducing a bill to roll back the speed limit to 55 MPH on interstates. The bill would also make changes, in accordance with GAO recommendations, to DOT's compliance program. NHTSA is charged with promoting highway safety. Given NHTSA's January report, would you support a return to 55 mph.

ANSWER: The Department considers this issue to be primarily a State-local matter and considers the States better able to determine the appropriate speed limits than the Federal Government. The States have the accumulated highway data, resources, and the appropriate responsibility to provide the safest highway environment for their citizens.

With regard to DOT's compliance program, the Department agrees that the current speed limit compliance and sanction process is badly flawed. But as previously noted, there are also substantial flaws in the approach recommended by GAO. Therefore, we propose eliminating the arbitrary compliance formula, so that DOT, NHTSA, and the States can focus their attention on dangerous speeders and other high-priority highway safety problems.

SENATOR LAUTENBERG: When he appeared before the Environment and Public Works Committee, Secretary Skinner said he would take action on the speed limit if the evidence was clear, and the States were not responding to that evidence. Isn't the NHTSA study -- an increase of 19% in fatalities -- pretty clear evidence.

ANSWER: In the NHTSA study on the effects of the 65 mph speed limit based on 1987 data, there was much State to State variation in the 1987 changes in rural Interstate fatalities. For the 38 States that increased their rural Interstate speed limit, eleven

SPEED LIMIT

had no increase or a decrease in fatalities while twenty-seven states had an increase. Further, eight of the 38 states accounted for 71 percent of the total 1986-1987 rural Interstate fatality increase in these States. The 1987 data does not present enough information to determine the long-term effects of the increased speed limits. It is also unclear as to what extent actual travel speeds (as measured by average or variance) are affected by posted limits as compared to enforcement levels. The Department should know more about these long-term effects when the full-year 1988 data has been analyzed and research studies underway or about to be initiated are completed.

SENATOR LAUTENBERG: It's my understanding that NHTSA commissioned 6 additional studies, to look at a range of speed limit issues, including economic costs and injury rates. When will these studies be completed? (Supposed to be completed this summer.)

ANSWER: The agency awarded five grants under the Grant Program for analysis of 65 mph speed limit effects. Each grant has a different focus, approaches the issue from a different angle or uses different data. The duration of each grant is about one year, with scheduled completion dates between March 31 and July 1, 1989. The five grants awarded were:

1) "The Safety Impact of the 65 mph Speed Limit: Cost and Impairment Impact of the New 65" - Completion date June 30, 1989. The Urban Institute, Washington, DC.

This grant is assessing the costs of travel delay and casualty changes from the speed limit change. Numbers and types of casualties will be provided by other analysis (the other four grants in this program, as well as data from NHTSA).

2) "The Safety Impact of the 65 mph Speed Limit: Assessing the Impact of the 65 mph Limit through Intervention Analysis" - Completion date March 31, 1989. National Public Services Research Institute, Landover, Maryland.

This grant is using FARS and State date available from NHTSA to evaluate casualty changes associated with the speed limit change.

3) "The Safety Impact of the 65 mph Speed Limit: A Case Study Using Alabama Accident Records" - Completion date April 30, 1989. Auburn University, Auburn, Alabama.

This grant is using Alabama State data to compare the safety on highway segments left at 55 mph to those raised to 65 mph, before and after the law change.

4) "The Safety Impact of the 65 mph Speed Limit: A Time Series Analysis" - Completion date July 1, 1989. Northwestern University Traffic Institute, Evanston, Illinois.

This grant is using Illinois State data to compare travel speeds and accident counts before and after the law change.

5) "The Safety Impact of the 65 mph Speed Limit: An Econometric Approach to Evaluating the New 65" - Completion date April 30, 1989. Harvard School of Public Health, Boston, Massachusetts.

This grant is using FARS data to model national fatality changes associated with the speed limit.

Each grant will produce a final report describing the research results. The results will be summarized in the September 1989 Report to Congress on the 65 mph speed limit.

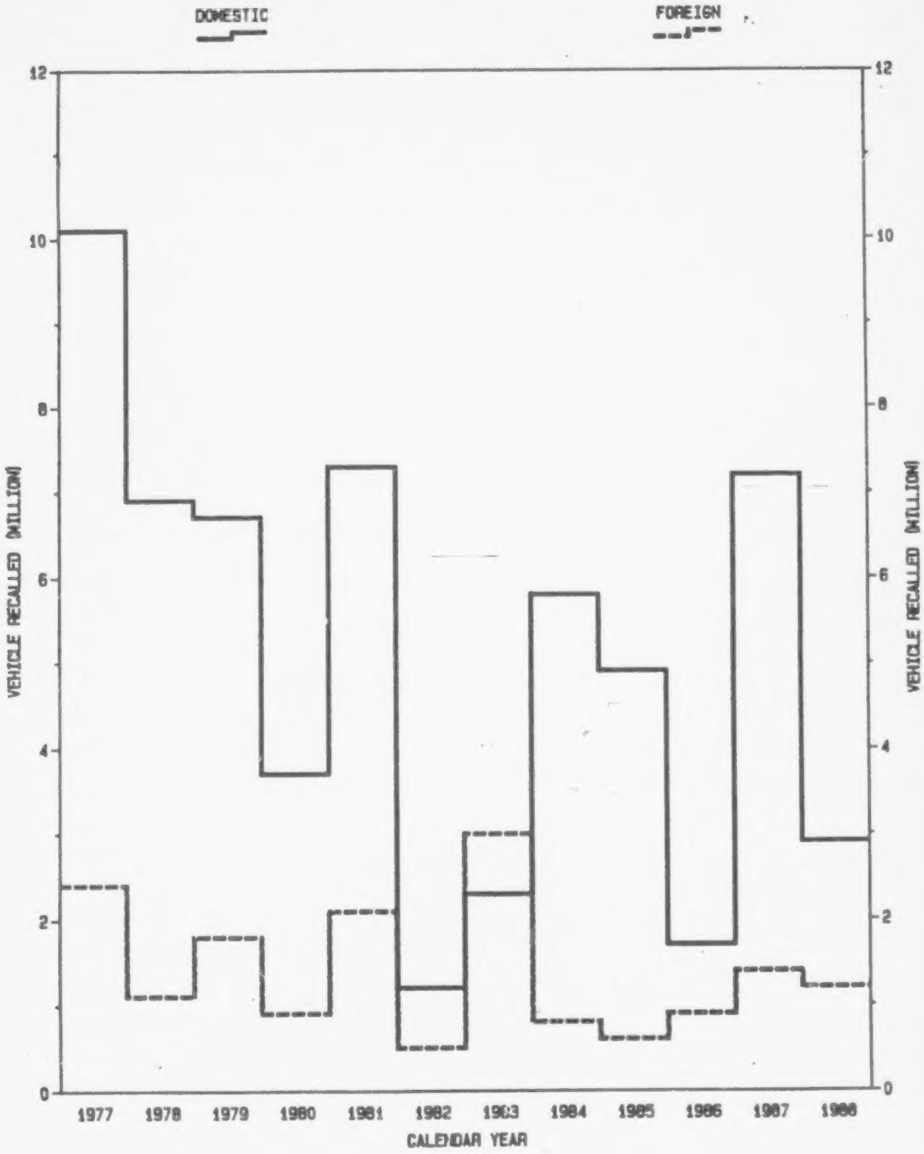
SENATOR LAUTENBERG: Do you have any indication of what those studies might show? Any reason to think they won't corroborate the NHTSA study?

ANSWER: The grantees are working without NHTSA guidance to ensure originality in their findings. The Agency has provided data files and reports to the grantees, when requested. Accordingly, we do not know what these studies will show, or if the conclusions are consistent with, or contrary to, NHTSA's findings.

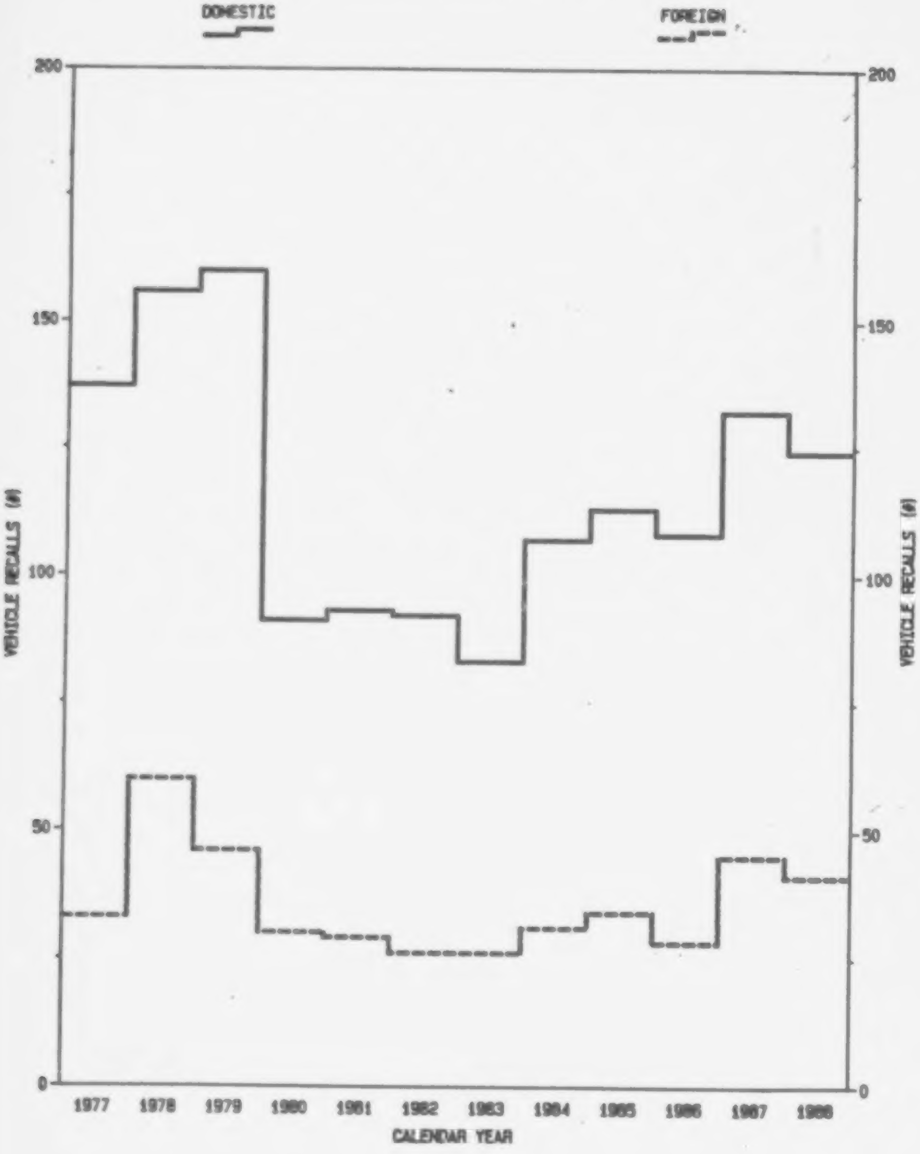
RECALL NOTICES

SENATOR LAUTENBERG: Update the recalled vehicles and recall campaign charts on pages 234 and 235 of Senate Hearing 100-853, Part 1.

ANSWER: The updated table is attached.


NUMBER OF ODI RECALLED VEHICLES

ODI VEHICLE RECALL CAMPAIGNS



STANDARDS TESTING

SENATOR LAUTENBERG: Update the chart regarding failure rates on tested standards found on page 236 of Senate Hearing 100-853, Part 1.

ANSWER: The requested table follows.

FISCAL YEAR 1988

FMVSS NO.	DESCRIPTION	NO. OF TESTS	NO. OF ITEMS	NO. OF FAILURES	PERCENT FAILURES
105	Hydraulic Brake System	20	20	0	0%
106	Brake Hoses	40	665	1	2%
108	Lamps, Reflective Devices, and Associated Equipment	288	288	34	12%
109	New Pneumatic Tires - Passenger Cars	200	400	0	0%
110	Tire Selection and Rims	5	5	0	0%
111	Rearview Mirrors	5	5	0	0%
116	Hydraulic Brake Fluids	26	26	10*	39%
118	Power-Operated Window Systems	5	5	0	0%
121	Air Brake Systems	2	2	1	50%
124	Accelerator Control Systems	5	5	0	0%
201	Occupant Protection In Interior Impact	7	7	(**)	0%
202	Head Restraints	7	7	0	0%
203	Impact Protection For The Driver From The Steering Control System	7	7	0	0%
206	Door Locks and Door Retention Components	30	180	0	0%
208	Occupant Crash Protection	15	15	1	7%
209	Seat Belt Assemblies	40	600	0	0%
210	Seat Belt Assembly Anchorages	10	10	2	20%
212	Windshield Mounting	15	15	0	0%
213	Child Seating Systems	25	78	12	15%
214	Side Door Strength	10	10	0	0%
217	Bus Window Retention and Release	12	12	7*	58%
219	Windshield Zone Intrusion	15	15	0	0%
222	School Bus Passenger Seating - Crash Protection	3	3	1	33%
301	Fuel System Integrity	25	25	0	0%
302	Flammability Of Interior Materials	10	240	1	1%

* Includes labeling failures

(**) In process

CORPORATE AVERAGE FUEL ECONOMY (CAFE)

SENATOR LAUTENBERG: Update the tables found on pages 239 through 240 of Senate Hearings 100-853, Part 1, regarding corporate average fuel economy.

ANSWER: The updated table is attached.

Fuel Economy Summary for Major Automobile Manufacturers

NOTE: Calculation is for the MY ONLY; no 3 yr carryforward or carryback

Excess/(Shortfall)=[CAFE std - fleet mpg from EPA] x 10 x sales x $5

Auto CAFEs	24.0	26.0	27.0	27.5	26.0	26.0

Domestic	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
AMC	$856,290	($2,362,300)	none	none	none	none
Chrysler	$109,653,120	$33,648,660	$39,575,000	$17,041,845	$82,575,360	$88,381,800
Ford**	$68,685,000	($109,422,880)	($123,739,380)	($92,745,675)	$102,273,200	$75,517,880
GM	$102,069,180	($350,399,700)	($508,705,995)	($385,798,085)	$133,905,360	$157,678,020

Import	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986*	MY 1987**
AMSC**	$16,489,030	$78,584,240	$83,850,860	$39,486,440	$31,078,320	$10,745,000
BMW	$5,486,945	$498,140	$4,813,000	($4,730,605)	($1,275,795)	($5,124,240)
Chrysler	$44,845,440	$35,700,850	$39,949,530	$37,866,315	$73,143,540	$57,870,590
Ford**	$388,585	$360,500	$457,090	($1,503,625)	($1,183,200)	($1,538,130)
GM**	none	none	none	$83,971,895	$255,749,880	$215,775,000
Honda*,**	$175,035,465	$200,872,000	$212,506,800	$189,655,200	$210,556,500	$247,782,480
Jaguar	($2,260,250)	($4,297,260)	($5,958,020)	($8,799,010)	($8,040,550)	($5,320,135)
Mazda**	$52,940,660	$26,911,000	$30,618,360	$30,872,380	$42,169,085	$29,582,250
Merc-Benz	$8,215,870	$4,264,260	($3,115,280)	($17,989,530)	($20,214,700)	($20,526,490)
Mitsubishi	none	$8,460,720	$8,866,040	$13,146,980	$18,769,850	$21,450,810
Nissan	$173,701,800	$186,319,790	$138,607,700	$68,364,140	$94,258,365	$150,384,280
Peugeot	$2,537,400	($235,940)	($1,930,100)	($2,397,405)	($793,080)	($767,600)
SAAB	$519,720	$698,190	($1,650,550)	($2,192,190)	$724,500	$533,540
Subaru	$62,605,600	$32,210,500	$32,905,215	$27,873,030	$37,385,940	$28,959,750
Toyota	$187,105,920	$199,727,635	$175,486,675	$171,293,400	$212,619,140	$237,631,020
Volvo	$3,901,900	$2,089,075	$0	($1,496,280)	$4,614,560	$2,252,000
VW	$104,320,730	$34,756,500	$28,486,500	$38,614,650	$50,798,970	$48,222,765

* MY 1986 results based on manufacturer's mid model year report

** MY 1987 results based on manufacturers' mid model year reports

Fuel Economy Summary for Major Automobile Manufacturers

Light Trucks (continued)

CAFE std	18.0	19.5	20.3	19.7	20.5	21.0
Imp LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
Chrysler	$11,743,160	$8,198,400	$13,162,440	$19,796,745	see 2+4 comb	see 2+4 comb
Ford**	$12,034,790	$132,240	$424,840	$53,550	$85,840	$26,100
Isuzu	$12,568,100	$12,156,480	$22,311,995	$17,134,515	$35,439,410	$18,896,350
Mazda	$20,088,560	$36,189,330	$77,334,270	none	see 2+4 comb	see 2+4 comb
Mitsubishi	none	$2,866,760	$3,304,800	$10,232,330	$10,576,770	$13,547,625
Nissan	$55,441,680	$34,914,000	$52,934,700	$50,350,360	$63,014,120	see 2+4 comb
Toyota	$43,845,850	$35,641,340	$55,714,880	$97,202,545	$93,541,920	$69,308,320
VW	$14,333,970	$984,010	$423,480	$1,527,920	see 2+4 comb	see 2+4 comb

CAFE std	16.0	17.5	18.5	18.9	19.5	19.5
Imp LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
Chrysler	$4,897,500	$3,297,280	$4,080,970	$3,976,605	see 2+4 comb	see 2+4 comb
Ford**	none	none	none	none	none	$750
Isuzu	$1,748,030	$1,824,075	$3,862,290	$3,907,875	$13,846,860	$3,963,130
Mitsubishi	none	$1,234,240	$1,222,470	$1,165,300	$1,484,610	$1,789,150
Nissan	$12,770,055	$8,015,475	$11,283,525	$10,368,695	$12,641,440	see 2+4 comb
Subaru	$62,605,600	$25,961,250	$28,847,620	$31,646,400	$37,216,425	$27,306,315
Suzuki	$1,324,765	$1,683,500	$2,535,860	$2,826,450	$25,026,720	$42,901,880
Toyota	$19,691,430	$15,555,050	$18,184,935	$31,000,250	$38,959,240	$33,075,170

CAFE std	17.5	19.0	20.0	19.5	20.0	20.5
Imp LT 2+4	MY 1982	MY 1983	MY 1984	MY 1985	MY 1956	MY 1987**
Chrysler	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	$18,736,410	$12,363,660
Mazda	see 2wd	see 2wd	see 2wd	none	$64,211,040	$56,796,510
Nissan**	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	$33,416,120
VW	see 2wd	see 2wd	see 2wd	see 2wd	($446,290)	($946,725)

** MY 1987 results based on manufacturers' mid model year reports

Fuel Economy Summary for Major Automobile Manufacturers

NOTE: Calculation is for the MY ONLY; no 3 yr carryforward or carryback

Excess/(Shortfall)=[CAFE std - fleet mpg from EPA] x 10 x sales x $5

Lt Trk mfgrs may choose to meet separate 2wd & 4wd stds or combined std

CAFE std	18.0	19.5	20.3	19.7	20.5	21.0
Dom LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
AMC**	$3,124,455	$2,334,885	none	$1,045,000	$3,939,120	$4,727,000
Ford	see 2+4 comb	$5,805,360	($40,662,115)	($6,199,730)	$4,156,470	see 2+4 comb
GM	$101,470,440	$30,368,150	($15,471,280)	$14,262,690	($22,004,500)	($7,956,960)

CAFE std	16.0	17.5	18.5	18.9	19.5	19.5
Dom LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
AMC**	$16,517,340	$9,107,460	$13,385,440	$12,810,000	$2,742,705	$10,626,000
Ford	see 2+4 comb	($2,231,595)	($1,664,180)	($1,565,915)	$1,844,725	see 2+4 comb
GM	$13,797,600	$35,654,250	$23,552,900	$20,822,600	($14,780,205)	($8,333,300)

CAFE std	17.5	19.0	20.0	19.5	20.0	20.5
Dom LT 2+4	MY 1982	MY 1983	MY 1984	MY 1985	MY 1986	MY 1987**
Chrysler	$10,586,760	($13,040,580)	($30,435,680)	($10,284,440)	($2,086,220)	$19,661,225
Ford**	($9,723,520)	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd	($5,148,835)

** MY 1987 results based on manufacturers' mid model year reports

FUEL ECONOMY

SENATOR LAUTENBERG: Secretary Skinner has said he will take a close look at the existing CAFE standards. What are you doing in this area?

ANSWER: The Department is currently reviewing the rulemaking for the proposed revision of the model year (MY) 1990 passenger car Corporate Average Fuel Economy standards. The Secretary anticipates making a decision on this standard in spring 1989. In addition, we are examining what legislative changes may be needed in the CAFE statute for future years.

SENATOR LAUTENBERG: Are you reviewing the extant fines and penalties?

ANSWER: Yes, as a part of the review of the model year 1990 passenger car standard, the credits and penalties of the manufacturers are being reviewed. However, credits and penalties are not considered when setting a fuel economy standard at the maximum feasible level, but they are a relevant criterion when deciding whether to exercise our discretion to amend a statutorily-established standard.

SENATOR LAUTENBERG: Do you intend to raise Corporate Average Fuel Economy (CAFE) standards for cars and trucks?

ANSWER: While we cannot prejudge our actions in this area we have: (1) begun a rulemaking, via a Federal Register request for comments, on establishing model year (MY) 1992-94 light truck fuel economy standards; and (2) are considering whether to propose to amend the statutory standard of 27.5 mpg for passenger car for MYs 1992 and beyond. Because the statute requires any increase in a standard to be promulgated at least 18 months prior to the beginning of the model year, the MY 1991 standard of 27.5 mpg cannot be raised. We are also considering what legislative changes are needed in the CAFE statute, which may affect our decisions on establishing standards for future model years.

GRAY MARKET VEHICLES

SENATOR LAUTENBERG: Update the chart on gray market found on page 241 of Senate Hearings 1100-853, Part 1.

ANSWER: The updated table follows:

OFFICE OF VEHICLE SAFETY COMPLIANCE

FISCAL YEAR	CONTRACT FUNDING	SAFETY COMPLIANCE PERSONAL	CONTRACTOR PERSONNEL
1981	$ 90,000	8	0
1982	$ 144,000	8	5
1983	$ 335,000	8	10
1984	$ 655,000	8	15
1985	$1,100,000	10*	24
1986	$1.400,000	10	20
1987	$1,100,000	9	17
1988	$ 980,000	7	12
1989	$ 747,000	7	5

* Excludes 10 engineers on temporary assignment

FISCAL YEAR	NUMBER OF VEHICLES IMPORTED
1980	2,400
1981	2,697
1982	4,024
1983	16,097
1984	30,850
1985	60,374
1986	37,095
1987	11,717
1988	7,873
1989	2,500 (Estimated)

TRUCK FUEL TANK SAFETY STUDY

SENATOR LAUTENBERG: What is the status of the truck fuel tank safety study?

ANSWER: Additional tests and analysis of possible crash mitigation strategies that could be used to reduce the likelihood of crash induced fires are currently underway. These will be completed within the next four months. Accordingly, Administrator Steed wrote Senator Byrd and Congressman Lehman on February 22, 1989 indicating that the report would be submitted to Congress by August 1, 1989.

SENATOR LAUTENBERG: For fiscal year 1988, the Committee provided $96,000 for this study. How does NHTSA intend to spend these funds?

ANSWER: Recognizing the need for specialized technical support on this study, the agency solicited grant applications from colleges and universities with expertise in the area of fire science. An award was made to the Fire Protection Engineering Department of The University of Maryland for a study of this issue.

Progress has been made along several lines of the study. National, state, and in-depth crash data files have been studied to determine the relative prevalence of heavy truck fires. Truck fuel systems have been studied for potential sources of leaks and ignition points in crashes. Causes of typical fire-related heavy truck crashes have been identified using data supplied to the agency by the Motor Vehicle Manufacturers Association of the United States. Tests are now under way to determine if the safety foam that is used in some military aircraft to suppress ballistics-induced fires and explosions might potentially be helpful in reducing the likelihood of truck crash-induced fires.

SENATOR LAUTENBERG: Is additional funding necessary to successfully complete this effort, as originally directed in the Committee report?

ANSWER: No, the original funding level is sufficient to complete the study successfully.

SECTION 402 SAFETY GRANTS

SENATOR LAUTENBERG: Provide for the record an update on the use of Section 402 grant funds, fiscal years 1983 through 1988 and estimated for fiscal years 1989 and 1990.

ANSWER:

($ 000)

	1983	1984	1985	1986
Alcohol	40,037.8	38,578.9	43,821.5	36,919.3
Belts	6,703.5	8,824.9	15,805.0	18,512.0
PTS	33,898.6	30,935.6	34,273.1	32,810.7
EMS	4,964.8	4,466.8	5,332.6	5,315.2
Records	6,149.5	6,202.7	14,769.7	16,305.0
Motorcycles	395.6	561.8	85.1	397.5
Ped/Bikes	-474.2	421.5	204.4	242.6
Other	-1,508.1	4,414.8	5,184.8	5,374.2
TOTALS	90,167.5	94,407.0	119,476.2	115,876.5

	1987	1988	1989 [1]	1990 [1]
Alcohol	36,042.8	35,513.7	35,528.0	36,400.0
Belts	19,924.8	13,165.8	19,750.0	20,200.0
PTS	34,981.2	31,715.7	34,785.0	35,000.0
EMS	4,708.9	2,681.7	4,500.0	4,700.0
Records	5,980.8	7,067.4	5,800.0	6,000.0
Motorcycles	436.0	651.5	587.0	700.0
Ped/Bikes	58.3	62.2	100.0	100.0
Other	7,163.2	7,480.3	7,100.0	7,000.0
TOTALS	109,296.0	98,338.3	108,150.0	110,100.0

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[1] Estimated based on projections of 1987 percentages.

Note: Minus figures shown in some areas are due to the shifting of prior year obligations between various programs.

SENATOR LAUTENBURG: Under current law what are earmarks or set asides that affect the Section 402 funds?

ANSWER: The earmarks and set-asides under current law for FY 1989-91 which affect NHTSA Section 402 funds are: (1) that not less than $20 million per year shall be obligated for the purpose of enforcing the national maximum speed limit (FY 1989-91);

(2) that each state shall expend not less than 2 percent of the amount apportioned per year to encourage the use of safety belts (FY 1989-91); (3) that the Secretary may set aside an amount not to exceed $5 million per year for making grants to states to implement schoolbus safety measures; and (4) that up to $2 million be made available to implement the FHWA Commercial Driver License Information System (FY 1989 only).

SENATOR LAUTENBURG: If the obligation ceiling for a fiscal year is less than the total amount of contract authority how does this affect the set asides?

ANSWER: Assuming sufficient obligational authority to cover earmarks and set asides, neither would be affected by a fiscal year obligation ceiling that is less than the total amount of contract authority. An earmark with a specific amount would remain at that level within the obligation ceiling, while an amount based on a percentage would be calculated on the contract authority.

EMS/TRAUMA CARE

SENATOR LAUTENBERG: Discuss the status of the $150,000 Atlantic Region Trauma Registry pilot required by the 1989 budget conferees.

ANSWER: This project is intended to permit interstate comparisons of emergency medical systems (EMS) through analysis of trauma registry data from various states.

Samples of trauma registry data were submitted by the Atlantic Region states and examined for commonality of data elements and for completeness. Sampling indicated that data from the various states were disparate, incomplete, and limited in scope to only very seriously injured patients. The project staff determined that analysis of these data would not lead to meaningful interstate comparisons.

A technical panel, comprised of NHTSA staff and Atlantic Region state EMS specialists, developed an alternative technical approach to accomplish the project objectives. The revised approach will enable each participating state to link three existing data bases derived from highway traffic crash reports, EMS ambulance run reports, and hospital patient injury reports. States will be able to collect and analyze specific data elements contained in these three data bases to develop uniform statistics on several important issues. Interstate comparisons of specific EMS issues will then be based on the statistics available from the various states. The revised approach was presented to all participating states at a meeting held on March 6, 1989. The revised approach was approved and the pilot project is being modified accordingly.

Specific issues to be examined include: 1) how many residents from a given state sustain highway related injury and receive emergency medical care in another state; 2) what are the comparative distribution of highway related injury types and severities experienced in the various states; and 3) for a given type and severity of highway related injury, what are the comparative outcomes among states in terms of mortality, permanent disability, morbidity, duration of hospital stay, and treatment costs.

As a separate specific Task, the Johns Hopkins Injury Control Research Center will conduct a project to promote use of E coding for all hospital discharge reports tó enhance the value of that universal patient report for data base linkage and analysis. (An E code is a 6 character alpha-numeric code that describes the external cause of an injury or the circumstance that was most responsible for the principal anatomic injury to a patient.)

SENATOR LAUTENBERG: What is your progress in developing the EMS Sensitivity Index?

ANSWER: The Sensitivity Index is an 18-element data base derived from data contained in State Accident Reporting Files, Ambulance Run Files, and Hospital Discharge data bases. The index provides a consistent means for determining the percent of highway related injuries that receive a timely and appropriate prehospital response and transport to an appropriate medical facility, as well as measures of safety belt use, motorcycle safety helmet use, alcohol and other drug involvement in highway injury incidents, and child safety seat use.

A multi-state project to demonstrate the benefits of Sensitivity Index Evaluation (SIE) of highway safety programs is ongoing in Maine, Pennsylvania, and Missouri. This project is being directed by the National Association of Governors' Highway Safety Representatives (NAGHSR) in consultation with the National Association of State EMS Directors using a $150,000 NHTSA grant.

In addition, a $140,600 grant for an SIE pilot project was awarded to the New Jersey Office of Highway Traffic Safety on November 15, 1988. Guidelines will be developed for planning and implementing statewide SIE of highway safety programs by September 1989. Once developed, the guidelines will be distributed for use by all states. Through a cooperative agreement, now being solicited, states will be requested to use the guidelines to prepare SIE development plans. Through this agreement technical assistance will be provided to states for planning and implementing SIE programs using Section 402 highway safety grants.

Through their respective Associations, Governors' Highway Safety Representatives and State EMS Directors are being encouraged to develop highway injury data bases and make other preparations needed for a highway safety SIE program.

TECHNIQUES FOR EFFECTIVE ALCOHOL MANAGEMENT (TEAM)

SENATOR LAUTENBERG: What are the plans for the funds provided for TEAM?

ANSWER: TEAM plans in FY 1989 are centered around community involvement and facility alcohol management. The National Highway Traffic Safety Administration plans to commit $1.140 million in FY 1989. The funds are to be committed to community involvement,awareness and coalitions ($700K); facility alcohol management ($250K); and support services ($190K).

With regard to community involvement, awareness and coalitions, the activities include the development and promotion of public information programs and campaigns and stimulating communities to initiate comprehensive efforts to deter and prevent drinking and driving. More specifically, the agency will (a) provide national awareness through the development and distribution of radio PSAs that promote traffic safety and provide materials to local teams and coalitions adaptable for their use, (b) provide for on-site public information consultation for coalitions, facilities and teams, (c) develop and implement a TEAM marketing plan which includes the production and distribution of various drinking and driving information pieces through various media, including coalitions, (d) provide financial support to assist in the implementation of local coalitions designed to generate increased community interest in dealing with drinking and driving problem, (e) provide for coalition building workshops and conduct coalition coordinator seminars and (f) provide specific traffic safety and drinking and driving materials, programs and technical assistance in support of local activities.

In the facility alcohol management area, the agency will address highway safety issues that affect people as they travel to and leave public assembly facilities. More specifically, the program consists of (a) providing major league sports organizations with the ability to make alcohol policy assessments in the facilities hosting league (and other) events; (b) providing on-site technical assistance and training to sites requiring additional help in responsible alcohol management, (c) providing for ten "train-the-trainer" workshops and development of a refresher course for previously trained personnel and (d) developing a handbook for facility managers use for conducting an alcohol assessment, policy development, training employees and evaluating effectiveness.

Finally, with regard to support services, funds will be used for assessing progress in the TEAM program and for printing, graphic and duplication of public service announcements.

SENATOR LAUTENBERG: There seems to be some confusion as to the total amount of resources provided for TEAM. What are the total revenues available to TEAM (dollars and personnel)?

ANSWER: The FY 1989 TEAM budget is $1,250K. The total number of dollars available for operational expenses is $1,140K. Administrative and overhead expenses account for $110k or 8.8 percent of the total budget. This budget represents a $175K increase in actual operational dollars over FY 1988.

With regard to personnel, the TEAM staff consists of four full-time professionals including: (1) a TEAM coordinator; (2) an alcohol awareness specialist; (3) a facility alcohol management specialist; and (4) a local TEAM coalition (affiliate) specialist. The agency also uses six additional staff members, to meet TEAM objectives. It should be noted that several states including Texas, Georgia, California, Michigan, and Oklahoma have elected to use section 402 and 408 grant funds, totalling over $700K to support TEAM activities in FY 1989. Furthermore, the National Highway Traffic Safety Administration Regional offices as well as the State highway safety offices have devoted their time and resources in furthering the TEAM objectives.

SCHOOL BUS SAFETY

SENATOR LAUTENBERG: In the aftermath of the Kentucky school bus crash in 1988, the agency committed to undertake a complete review of current bus safety standards. Discuss your pending and planned rulemaking initiatives.

ANSWER: NHTSA's school bus safety standards have provided excellent levels of protection to school bus occupants. However, in an effort to make an already safe form of transportation even safer, the agency continues to assess the adequacy of the existing Federal Motor Vehicle Safety Standards (FMVSS's) as they apply to school buses. Of particular interest are those safety standards applicable to school buses which concern protection from fire.

Advance Notices of Proposed Rulemaking (ANPRM) were published on November 4, 1988, on two standards: FMVSS No. 217, "Bus Window Retention and Release" and FMVSS No. 302, "Flammability of Interior Materials." The public comment periods closed on January 3, 1989. Comments to those notices are currently being reviewed. A third ANPRM on FMVSS No. 301, "Fuel System Integrity," is about to be issued.

Several activities are also in process for FMVSS No. 221, "School Bus Body Joint Strength," following issuance of an ANPRM in June 1987. Research is underway to evaluate floor joint strength in school buses through dynamic, rather than static tests, and recommendations are being formulated on the requirements for maintenance access panels on buses. A decision on what regulatory actions are needed in these areas is anticipated this Spring.

NHTSA issued a report on School Bus Safety in November 1988, which reviewed the overall safety record, the magnitude of school bus-related injuries and fatalities, and various vehicle, driver and pedestrian programs to make school bus transportation even safer. The report included a review of other anticipated vehicle rulemaking activities, including FMVSS No. 111, "Rearview Mirrors."

Finally, the National Academy of Sciences is expected to issue its report on school bus safety this Spring. NHTSA will carefully review any NAS recommendations for rulemaking or other ideas which could be effective in improving school bus safety.

SMART TECHNOLOGY

SENATOR LAUTENBERG: The FY 1989 budget conferees directed the Secretary to study and report on Intelligent Vehicle/Highway Technologies. Discuss the status of the report, and NHTSA's involvement.

ANSWER: The Department's Office of Economics (Office of the Assistant Secretary for Policy and International Affairs) has primary responsibility for preparing this report to Congress. NHTSA and the Federal Highway Administration (FHWA) are supporting this effort. The report will discuss existing foreign and domestic research and development programs concerned with intelligent vehicle/highway technology, analyze the impact of foreign programs on U.S. highway users, vehicle manufacturers and related industries, and make recommendations for appropriate legislative and programmatic responses.

NHTSA is supporting this effort by analyzing accident data bases to provide a description of the distribution of crashes, fatalities, and injury levels versus location, time of day, etc., in order to establish the framework for identifying potential safety improvements which have the highest probability of success.

NHTSA is also preparing the summary section describing the European programs, contributing to the technology section, i.e., describing the current smart vehicle crash avoidance technology, and developing a plan of smart vehicle research in crash avoidance.

ALCOHOL AND DRUGS

SENATOR LAUTENBERG: The 1988 Anti-Drug Abuse Act provided for a National Academy of Sciences study of driver alcohol impairment. What are your plans for the statutory BAC study?

ANSWER: The Drunk Driving Prevention Act of 1988 (PL 100-690) requires "a study to determine the blood alcohol concentration level at or above which an individual when operating any motor vehicle should be deemed to be driving while under the influence of alcohol." Although the 1988 Drug Act authorized us to contract with the National Academy of Sciences for this study, no new funding was made available for the current fiscal year. In order to meet the Congressional objective as expeditiously as possible within available budgetary resources, we believe that we can best address this BAC question by performing the study in-house. In this instance, there are fundamental research questions that must be addressed which could not be answered by convening a panel of experts through the NAS. We intend to conduct a three-phase study to estimate how different statutory BAC limits will affect drinking and driving behavior and alcohol-related crashes, injuries, and fatalities. Phase 1 will review existing studies of how driver impairment and crash risk depend on BAC level. It will build on a recent Transportation Research Board study that assessed this research as it applied to commercial vehicle drivers. Phase 1 will include a summary of the available data on the current distribution of driver BACs on the road.

Phase 2 will assess how new BAC limits would affect the institutions dealing with drinking and driving (police, courts, state and local officials, MADDs, SADDs, media, others). NHTSA will conduct four regional workshops to learn how these parties are responding to the current BAC limit (0.10% in most States) and how they might respond to a reduced limit.

Phase 3 will study how these institutional changes will affect drinking and driving behavior. NHTSA will survey drivers to learn how they are making drinking and driving decisions, how they are responding to the current BAC limit, and what changes are likely to occur with a new BAC limit.

NHTSA will call on experts to provide balance, oversight, and objectivity and will help to design each study phase, assess each phase's results, and synthesize the conclusions. A report summarizing Phase 1 and 2 findings will be presented to Congress by Fall 1990. A final report will be submitted by the end of 1991 that summarizes Phase 3 results and integrates these with results from the earlier phases. The report will give an overall assessment of the potential effects (both costs and benefits) of BAC limit changes and provide appropriate recommendations as requested by Congress.

SENATOR LAUTENBERG: What are your plans to implement the provisions of the 1988 Drug Act, specifically the expansion of DEC and selection of four states to test random sampling for new license applicants?

ANSWER: Currently we have five DEC sites (Los Angeles, Metropolitan Phoenix, Denver-Boulder, Nassau County (NY), and Virginia Beach) which are fully operational, and five sites (Indianapolis, Salt Lake County, Ventura County, Houston, and New York City) at which personnel are being trained. The latter sites will be fully operational by early summer. We are seeking to open one additional DEC site this fiscal year.

Four million dollars has been requested in the FY 1990 budget for expanded implementation of the DEC program. We plan to incorporate a drugged driving component into ongoing DWI enforcement programs, by providing DEC training to police officers, in 50 of the largest metropolitan areas in the nation.

Standards and procedures for initial certification and periodic recertification of DREs and DRE instructors will be developed cooperatively by the International Association of Chiefs of Police (IACP), NHTSA and the DEC sites.

To assist in deterring drugged driving, each of the State highway safety offices and the DEC sites will be encouraged to develop drugged driving prevention public information and education programs. Support will be provided to these programs in the form of technical assistance, generic materials for use in programs, funding for innovative drugged driving prevention public information activities and coordinated exchange of information, materials and successful approaches between States and DEC sites. Also, training modules on drug impaired driving will be developed for incorporation into existing DWI education and training courses for prosecutors and judges.

Enforcement personnel provided by State agencies will participate with the IACP and NHTSA in continuing to develop and expand DEC and to develop model program criteria. This involvement of State personnel will also facilitate cooperation between State and local enforcement agencies.

Equipment, screening capability and performance standards will be developed, through the association of State chemical test directors, for chemical test laboratories used in support of DEC programs, and a quality control system will be initiated through the Transportation Safety Center (TSC). In addition, administrative and impact evaluations will be developed for use in each site and for evaluation of the national DEC program.

With respect to the selection of four States to test random drug sampling for newly licensed drivers and applicants, participation by a State will require the State to pass legislation authorizing the random testing of those persons for use of controlled substances and denial of driving privileges if evidence indicates the person has used illicit drugs. No State currently has such legislation.

We will solicit participation by the States by notifying all Governors of the provisions of the Act and our schedule for implementing the pilot program. Upon appropriation of funds a formal request for proposals will be issued that will specify the requirements for participation, procedures that will be followed in selecting the States, and the basis for grants funds to offset program implementation costs.

We will select the four States for this pilot program from among those states that have passed appropriate legislation and will initiate random drug testing of driver license applicants by February, 1990, according to the criteria specified in the Act.

SENATOR LAUTENBERG: Discuss your alcohol safety program: strategies you pursue, your current objectives, and the progress to date in reducing DWI crashes.

ANSWER: The alcohol safety program of the National Highway Traffic Safety Administration and the States involves a dynamic mix of deterrence, enforcement, and prevention activities. From a deterrence standpoint, efforts are made to increase the perception of risk of arrest and of "hard" license suspension. During FY 1990, priority emphasis will be given to encouraging increased use of roadside sobriety checkpoints, and promoting the adoption and implementation of administrative per se laws which require "hard" license suspension.

Priority will also be placed on methods for reducing the number of persons who drive while their licenses have been suspended or revoked. With regard to the enforcement of drunk and drugged driving laws, drug recognition training will be expanded to additional metropolitan areas, and alcohol training will be continued for police, prosecutors, and judges. Prevention and intervention strategies will receive major emphasis in the NHTSA alcohol safety program. Issues such as beverage server training (i.e. TEAM training in major sporting facilities and arenas) and designated driver programs (e.g. the TEAM program emphasizes the designated driver as a campaign theme in its psa efforts) are being developed, evaluated and promoted.

Priority for 1990 will be placed on the establishment of community coalitions which include private sector, activists, local health and treatment agencies, media, etc. In many areas, much of this effort will be centered around the TEAM program. In all our activities, priority will continue to be placed on integrating public health and traffic safety issues and programs. Special emphasis will be placed on efforts to prevent impaired driving by youth.

Continued emphasis will also be placed on developing financially self-sustaining programs at the state and local level. Programs will be based on a combination of fines, fees, assessments and other funding sources to finance comprehensive drunk driving countermeasure programs.

Throughout the 1980's significant and measurable progress has been made against drunk and impaired drivers. For example, the number of intoxicated (BAC = .10 or higher) drivers killed in crashes from 1980 to 1987 decreased 23%. From 1982 to 1987 the percentage of intoxicated drivers involved in fatal crashes dropped from 30% to 25%. For young people the reductions were even more significant. From 1982 to 1987, alcohol involvement in fatal crashes of drivers ages 15 to 19 declined from 28% to 19%. However, the number of deaths and injuries due to drunk and drugged drivers is still far too high and requires sustained commitment from the public and private sectors.

SENATOR LAUTENBERG: What is the outlook for additional eligible states under the revised Section 408 procedures?

ANSWER: As an immediate result of the 1988 revision of the Section 408 implementing regulations, five new States (Illinois, Oregon, West Virginia, Oklahoma and Kansas) qualified for Section 408 grants in August 1988. Prior to the revision, no State had qualified since November 1985. Thus far in FY 1989, Colorado has submitted a Section 408 grant application, and we understand Wyoming may soon apply. Requests for preliminary review and analysis of whether or not existing legislation and administrative regulations might meet Section 408 eligibility criteria have also been received from Hawaii, American Samoa, Connecticut and Kentucky.

Legislation dealing with prompt license suspension for DWI offenses, a major obstacle to many States qualifying for Section 408 grants, is expected to be introduced in about 15 States during the 1989 legislative session, and has a reasonable (estimated at 50% or higher) chance of being adopted in several of those. Of course, NHTSA cannot project with certainty what actions will be taken by State legislatures.

Kentucky may be a good candidate for passing legislation to qualify for S408, if the Governor calls a special session of the legislature to deal exclusively with DWI issues. Maryland and Hawaii are also a very strong candidates to adopt needed legislation to require prompt hard license suspensions for DWI offenses and thus qualify for Section 408 grants. Other States actively considering such legislation are Connecticut, Ohio, California, and Nebraska. Finally, the Agency notes that Louisiana has passed legislation (awaiting approval by the Governor) to restore that State's eligibility for S408 funding.

SENATOR LAUTENBERG: What progress has New Jersey made using Section 408 grants? Can you recommend additional steps my state ought to take to improve its DWI prevention effort?

ANSWER: New Jersey first became eligible for 408 funding in 1984. New Jersey has made significant strides in fighting its drunk driving problem. The State experienced a decline in alcohol-related fatalities from an all time high of 376 in 1981 to 212 in 1987. The percentage of fatalities due to drunk driving has also declined from 24.2% in 1978 to 20.5% in 1987. New Jersey has enacted tough penalties for driving while intoxicated that include: a mandatory six-month license suspension, heavy fines (first offense $1,064 fine), motor vehicle points and insurance surcharges, and a mandatory 12 to 48 hour detainment for first offenders.

In addition, the State has implemented a number of enforcement related efforts aimed at deterring drinking and driving. Activities have included sobriety checkpoints by both State and local enforcement agencies, training officers in DWI detection/apprehension procedures, and the purchase of breath testers for local police agencies.

The State has also developed education efforts, aimed in particular at young drivers, to increase the public's awareness of laws against drinking and driving as well as the consequences of such actions. Funds are also used for "Project Graduation," which provides an opportunity for graduating seniors to celebrate their accomplishments in an alcohol free environment. N.J. has succeeded in getting local units of government to continue their DWI prevention activities after federal funding ended. For example, two county checkpoint operations have become self-sustaining. The State has financed the initiation of community-based activities by groups such as MADD and RIDD. The (State) Drunk Driving Commission has also used the funds to study the drunk driving problem and recommend solutions. The most recent report recommends that the State adopt administrative license suspension/revocation.

NHTSA recommends that New Jersey accept that recommendation and enact an administrative per se law. Such a program would help to assure prompt, mandatory license suspension of DUI offenders, which has been demonstrated to be a highly effective countermeasure. As an additional benefit, the faster suspensions would enable New Jersey to qualify for supplemental grants under S408.

OCCUPANT PROTECTION

SENATOR LAUTENBERG: What steps is NHTSA taking to correct the problem of incompatibility between child safety seats and automatic passive restraints, and child safety seats and inertia reel belts?

ANSWER: The Agency has amended its regulations to require, as a minimum, the installation of anchorage points for lap belts in the event that the automatic safety belts provided by a manufacturer are not suitable for use with child safety seats. The Agency is also evaluating the comments submitted to the Notice of Proposed Rulemaking (53 FR 47982) which was published in the Federal Register on November 20, 1988, to require the installation of lap/shoulder belts in the rear outboard seats of passenger cars, vans and light trucks. Specific comments were requested in regard to child safety seat compatibility. Over seventy comments have been received in response to this rulemaking action, many of them dealing with child safety seat issues.

SENATOR LAUTENBERG: What is the Agency doing to encourage child booster seat designs which are safer than current designs? (RM)

ANSWER: The Agency has dynamically tested child booster seats for both compliance and for research and development purposes. The current testing programs demonstrate that the booster seats are in compliance with the present standard.

The present standard requires dynamic testing of child safety seats, which includes booster seats, with a 3-year old dummy. The Agency is conducting additional dynamic tests of booster seats with other size prototype child dummies, a 9-month old and 6-year old, and is examining their performance.

In conjunction with this testing we are developing standards specifying requirements for the 9-month and 6-year old dummies. Future rulemaking may be considered which would include other size child dummies and child safety seats including booster seats. We have under consideration a petition for testing infant seat systems with a "newborn infant" dummy.

The Agency has also issued a Consumer Information Bulletin setting forth guidelines for proper use of various models of child safety seats. The bulletin also recommends the type of seat to be used with corresponding child size and weight, and recommends when a parent should switch from a toddler seat to a booster seat.

SENATOR LAUTENBERG: What is the Agency doing to address the problem of occupant protection for children between the ages of 5 and 12 -- those that are too old to be in booster seats, but too young to wear shoulder-lap combinations?

ANSWER: A recent Consumer Information brochure that has been broadly distributed by the Agency recommends that children who have outgrown the toddler seat utilize either a belt-positioning booster seat with the lap/shoulder belt or the vehicle lap/shoulder belt alone. Currently available belt-positioning booster seats improve the fit of vehicle lap/shoulder belts by lifting the child several inches vertically so that the shoulder belt does not cross the face or neck. These belt-positioning boosters accommodate children from about 4 years and 40 pounds up to about 8 years and 70 pounds.

NHTSA recommends that children use rear seat lap/shoulder belts without a booster when they are large enough to fit the belts properly. Belt fit varies slightly between vehicles, however proper fit is usually possible by about age six.

If no suitable seating device is available, but the child cannot properly wear a lap/shoulder belt, then NHTSA recommends use of a lap belt, which is also an effective system (although somewhat less so than the other devices). We have been in correspondence with the American Academy of Pediatricians to assure that the advice we provide parents on the proper methods of restraining children is sound from a medical point of view.

NHTSA is addressing the challenge of increasing belt use among 5-12 year olds by providing up-to-date education materials, implementing educational programs and by encouraging additional efforts in legislation and enforcement. A current research project will result in the development of new educational materials for the middle school audience. A recent contract with Instructor Magazine resulted in the development and dissemination of materials to the elementary school audience. Agency support for program implementation targeting 5-12 year olds is being directed through the National Boy Scouts of America and the Safe Kids Are No Accident Campaign.

NHTSA continues to encourage states to upgrade child passenger safety laws. Increasing the age limit covered by child passenger safety laws can greatly benefit the protection of older children, even in those states with adult belt laws. Fourteen states have increased the upper age limit of their child passenger safety laws, several now covering children beyond their twelfth birthday. More states have improvements in progress.

SENATOR LAUTENBERG: What is the Agency doing to encourage child safety seat manufacturers to make their instructions simpler and more uniform?

ANSWER: Since the NHTSA requirements for child safety seats are performance standards, a wide variety of designs are offered to the public. Each design must have specific instructions for a wide variety of vehicle seats and safety belt systems. This is not an easy job.

The Agency is not aware of any specific problems with the instructions issued by child safety seat manufacturers. However, the Agency has issued a Consumer Information Bulletin setting forth guidelines for proper use of various models of child safety seats. The bulletin also recommends the type of seat to be used with corresponding child size and weight and recommends when a parent should switch from a toddler seat to a booster seat. Also the Agency is working with child safety seat retailers to provide point of purchase information to help parents select an appropriate child safety seat to meet their needs.

Currently, FMVSS 213 has labeling and installation instructions which require the child restraint manufacturer to state the maximum weight and height of children who can safely occupy the system, and a requirement that the child restraint system must have an installation manual which includes diagrams for installing the system in the proper seating position in a vehicle for maximum safety protection.

SENATOR LAUTENBERG: Has the agency's belt program been successful in increasing usage?

ANSWER: Since the program's inception in the early 1980's, the use of safety belts by drivers as measured by NHTSA's 19 city survey, has increased from 11 percent in 1983 to 47 percent in 1988, and the use of child safety seats has climbed from 23 percent to 83 percent. This represents a dramatic increase in usage, although there is still room for further improvements.

Initially, the agency's belt program strategy was to increase use by convincing motorists to buckle up voluntarily. This strategy relied heavily on public information and education delivered through health, safety and civic/service organizations. Resources were devoted to educating the public about the risks of motor vehicle death and injury, and the effectiveness of occupant protection in reducing these risks. This strategy increased public awareness, with a small increase in belt use (from 11 to 15 percent).

With the passage of child passenger safety laws in all 50 States, and belt use laws now in 32 states and D.C., the agency's strategy continued to emphasize general public information and education. However, the agency added law enforcement training and a State and Community grant program to provide incentives for communities to actively enforce usage laws and couple usage enforcement with public education to explain what the police were doing, and why. Over 50 local jurisdictions undertook "Elmira-type projects" by implementing and evaluating innovative enforcement/public education strategies. In response to the passage of laws and this strategy, use rates rose to the 1988 levels shown above.

OCCUPANT PROTECTION

While seeking to retain belt usage by current users, our program is becoming increasingly more forcused on reaching those people who are more likely to be in motor behicle crashes and who are least likely to be buckley up. Target audiences have been identified and outreach strategies are being adopted that can influence the belt wearing and child safety seat use of these high risk groups. These presently include young people aged 15 to 24 years old, people living in rural areas and people who are economically disadvantaged. Additional high risk populations will be included as they are identified.

SENATOR LAUTENBERG: What are you doing to educate the public about automatic protection systems?

ANSWER: The agency has launched several new initiatives to educate the public about automatic protection systems. A new 8 1/2 minute film on automatic protection, "The Winning Combination," has been produced for use in schools, dealer showrooms, conferences, meetings, etc. The film demonstrates different types of automatic belts and emphasizes the need to wear safety belts in air bag equipped cars. Reviews and comments from auto industry leaders, national organizations, and safety program directors have been excellent. Over 3,000 copies of "The Winning Combination" are being distributed to NHTSA Regional Offices, State Highway Safety Offices, State Coalitions for Safety Belt Use, AAA Clubs, Extension Agents, PTA Councils, auto dealers, and other organizations actively involved in occupant protection education programs.

The University of Tennessee Engineering Department is developing an air bag tabletop demonstrator that could be used in auto dealer showrooms as part of a two-year grant to demonstrate point-of-sale educational strategies.

A class of advanced environmental design students at The Art Center College of Design in Pasadena, California will design and fabricate an automatic protection exhibit for use at conferences, shopping malls, State/county/health fairs, etc.

A special poster and 4-page insert on occupant protection has been published in the April 1989 issue of Instructor Magazine for elementary teachers. The feature includes information on air bags and automatic belts as well as manual belts and child safety seats. Instructor Magazine has a paid subscription of 285,000 educators. The special insert features are typically shared by several teachers and reach as many as 24 million students and their parents.

A new training course for persons actively engaged in occupant protection education will emphasize the importance of wearing the lap belt in cars equipped with automatic shoulder harnesses and the lap/shoulder belt in airbag-equipped cars.

Information Fact Sheets on air bags and automatic protection are updated each year and distributed through the agency's Auto Hot Line, the Consumer Information Center in Pueblo, CO, and NHTSA's Office of Occupant Protection.

A "Vince and Larry" public service announcement emphasizes the need to wear safety belts with air bags. Three hundred sixty thousand brochures on air bags and automatic protection have been printed and distributed by the Office of Occupant Protection. Hundreds of thousands more have been printed and distributed by other organizations that have borrowed the agency's negatives.

In addition auto consumers are advertising their new system (assisting airbags), and several insurance associations are providing information to their policy holders and some offer rate reductions as well for these systems.

SENATOR LAUTENBERG: What progress are manufacturers making implementing the 208 rule? How many airbags are now in cars and expected to be in future years? What progress have manufacturers made in developing (passenger) airbags?

ANSWER: Manufacturers must provide automatic occupant protection in 40% of the 1989 model year cars and in all cars produced after September 1, 1989. Most vehicles are currently being equipped with automatic belts, but the use of air bags is increasing. Eleven automotive manufacturers now offer driver-side airbags as standard or optional equipment. They are: Acura Legend (Honda), Audi, BMW, Chrysler, Ford, General Motors, Mercedes-Benz, Nissan, Porsche, Saab, and Volvo.

Three automotive manufacturers offer passenger-side airbags as standard or optional equipment in addition to driver-side air bags. They are: Ford, Mercedes-Benz, and Porsche.

Ford now offers passenger-side airbags in its Lincoln Continental as standard equipment. Mercedes-Benz has added passenger-side airbags as standard equipment in three of its models, and optional equipment in six models. Porsche now offers passenger-side airbags as standard equipment.

It is anticipated that about 900,000 vehicles will be equipped with air bags in the 1989 model year. Manufacturers plan to equip 2.9 million passenger cars with air bags by 1991.

Other carlines which now have driver-side airbags will have passenger-side airbags phased in between the 1990 and 1994 model years (details are generally proprietary).

SENATOR LAUTENBERG: Give an update on pending State legislation to require safety belt use, and to strengthen present laws. Do you foresee any serious efforts to rescind current usage laws?

ANSWER: Up to this point in the legislative year, fourteen States have introduced legislation to require safety belt use. The Wyoming bill was signed into law on March 14. Bills in Mississippi and South Dakota were killed in committee or floor action, and the remaining eleven States have bills still under consideration. These eleven States are: Alaska, Alabama, Arkansas, Arizona, Delaware, Massachusetts, New Hampshire, North Dakota, South Carolina, Vermont, and West Virginia.

At least seven States have introduced legislation that would dramatically strengthen their existing safety belt use laws. For example, the States of Colorado, Michigan and Tennessee have introduced legislation that would eliminate the sunset provisions in the laws (the Tennessee bill is awaiting the Governor's signature into law); the Missouri and New Mexico bills would add light trucks and vehicles up to 10,000 pounds, respectively, to their existing laws; the New Jersey and Michigan bills would upgrade their laws to primary enforcement; the Hawaii bill would increase the level of fine and would extend their existing law to emergency vehicles and taxis.

Many States have acted to improve their legislation by extending the age to which children are protected. Most child passenger safety laws originally provided protection only up to age four. Currently, 15 States require safety belt or child safety seat use up to age six, or more, with six States requiring protection to ages ranging between 10 and 16 years (three of these in States that do not yet have use laws for the general public). Legislation is pending in New Hampshire to expand child safety seat protection requirements to older children. Four States with belt laws have additional requirements, covering issues such as seating positions and responsiblities of the driver, for belt use by older children and youths. These extensions are designed to form belt use habits that will carry over from child passenger to adult passenger or driver.

While it is difficult to project future decisions of State legislators, Governors, or voters, we foresee few if any serious efforts to rescind current usage laws. A bill to rescind the belt use law has been introduced in almost every State which has passed a law. Some bills have been introduced in only one year; some have been introduced each year following passage, but few have progressed through the legislative process. However, four State laws have been subjected to public referendum. Montana's law was retained by the voters, while Massachusetts, Nebraska, and Oregon laws were voted down. Although some slowing in the number of laws being passed is to be expected now that about 85 percent of the U.S. population is covered by belt laws passed in 32 States and the District of Columbia, official support for implementation and retention of the existing laws stays at a high level of priority in all belt law States. We also plan a continuing education program to ensure that the public understands the value of belt laws.

SENATOR LAUTENBERG: Discuss the status of your lap/shoulder belt rulemaking.

ANSWER: A Notice of Proposed Rulemaking (NPRM) was published on November 29, 1988. The comment period ended January 30, 1989.

The proposed rule would require manufacturers to install lap/shoulder belts at all forward-facing rear outboard seating positions in passenger cars, light trucks, multipurpose passenger vehicles (MPV), and small buses. The proposed effective dates are: September 1, 1989 (passenger cars, except convertibles); and September 1, 1991 (convertibles, light trucks, MPV and small buses). A final rule is expected in the second quarter of 1989.

The agency is pleased that the manufacturers have committed to voluntary installation of rear-seat lap/shoulder belts, which provides the additional protection to motorists more quickly than the Federal regulatory process.

RULEMAKING

SENATOR LAUTENBERG: Are you satisfied that the GAO report accurately describes your rulemaking process?

ANSWER: GAO examined three rulemaking actions: Rear seat lap/shoulder belts; side impact protection (NPRM and ANPRM's); and head restraints for light trucks. GAO collected rulemaking documents and interviewed officials in NHTSA, The Department's General Counsel office and OMB. The net result of the GAO study was their development of a "Fact Sheet for Congressional Requesters," which provided a chronology of each rulemaking. GAO examined all NHTSA, Office of the Secretary and OMB action dates.

The GAO report presented the chronological dates of the three rulemaking actions, and was accurate in doing so.

PEDESTRIAN SAFETY

SENATOR LAUTENBERG: Pedestrian fatalities accounted for 14.5% of all motor vehicle-related fatalities in 1987 -- not an insignificant number. Why didn't NHTSA make pedestrian safety a priority in its recent 402 rulemaking?

ANSWER: Beginning on September 3, 1987, NHTSA and FHWA issued a Notice of Proposed Rulemaking (NPRM) regarding the 402 program, held three public hearings (in Washington, D.C., Fort Worth, TX and Lakewood, CO), reviewed nearly 300 written comments to the docket and reviewed the testimony of 80 participants at the three hearings. After this process had been completed, the two agencies decided not to add the category of pedestrian safety to the list of existing priority programs.

The agencies were not at liberty to determine that the pedestrian area should be added to the list of National Priority Programs simply on the basis that the area involves a large number of fatalities. Instead, as part of the 1987 highway bills, Congress directed the agencies to determine under Section 402 which programs were "most effective" in reducing accidents, injuries and deaths (emphasis added). We believe our determination of the seven priority programs carried out that statutory directive.

Under the existing structure, a state which has identified a pedestrian safety program which it believes will be effective in reducing pedestrian crashes and injuries, may provide section 402 funding in one of two ways. It may fund the program under one of the priority categories (e.g., "anti-dart out" programs may be funded under police traffic services) or it may fund the program under the non-priority funding process established to address special local needs.

SENATOR LAUTENBERG: Does the agency intend to reexamine this issue? If not, why not?

ANSWER: In order to ensure that Section 402 funds continue to be used in a cost effective manner, NHTSA will continue to periodically review the national priority program areas and will add or delete priority program areas, as is deemed appropriate.

In addition, the agency is currently taking steps to identify effective bicycle and pedestrian safety programs and to determine those areas where programs need to be developed. NHTSA is also in the process of organizing a number of state task forces designed to accomplish bicycle and pedestrian safety objectives. These task forces or coalitions will be comprised of agency personnel, state and community representatives, bicycle and pedestrian safety experts and members of the law enforcement community.

In the meantime, approximately half the states already plan to fund bicycle and pedestrian programs with Section 402 funds in fiscal year 1989. In most of these states, the programs will be designed primarily to address bicycle and pedestrian safety problems. In other states, pedestrian and bicycle problems will be identified and addressed through comprehensive traffic safety programs. The agency estimates that more than $1.8 million of Section 402 funds, plus a significant amount of other state and local resources, will be allocated for bicycle and pedestrian programs in FY 1989.

Through the above efforts, the agency believes that the effectiveness of countermeasures in the bicycle and pedestrian safety area will be enhanced in FY 1989 and in the years to follow.

LIGHT TRUCKS

SENATOR LAUTENBERG: Discuss the status of your light truck rulemaking actions.

ANSWER: Federal Motor Vehicle Safety Standards (FMVSS) No. 208 Rear Seat Shoulder Belts: An Advanced Notice of Proposed Rulemaking (ANPRM) was issued in June 1987 and an Notice of Proposed Rulemaking (NPRM) was issued on November 23, 1988, proposing rear seat lap/shoulder belts in passenger cars, light trucks, vans, and small buses. A final rule is expected in Spring 1989.

49 CFR 571.3 Vehicle Classification: An ANPRM was issued in November 1987 and an NPRM was issued on October 12, 1988, requesting comments on possible vehicle reclassifications which would result in revised vehicle classifications. The agency is currently evaluating the comments from the NPRM.

FMVSS No. 214 Side Door Strength: On August 19, 1988, an ANPRM was issued requesting comments on extending FMVSS No. 214 Side Door Strength to light trucks. The agency is currently evaluating the issues raised in these comments.

FMVSS No. 202 Head Restraints: On December 8, 1988, a NPRM was issued which proposes to expand FMVSS No. 202 Head Restraints, to include light trucks. The comment period closed on January 23, 1989, and the agency is currently reviewing the comments.

FMVSS No. 216 Roof Crush: A decision on whether to undertake rulemaking to include light trucks for FMVSS No. 216 Roof Crush, is expected by May 1989. Currently the agency is evaluating performance data on light truck roof crush supplied by industry and agency tests.

FMVSS No. 208 Occupant Crash Protection: Automatic occupant protection is required for cars but not light trucks. In the past, the agency wanted to give the vehicle manufacturers the opportunity to fully implement the automatic restraint requirement for cars, given their limited resources, before considering similar requirements for light trucks. Once implementation is largely complete, the agency will consider whether to initiate rulemaking to require passive restraints in light trucks.

FMVSS No. 105 Hydraulic Brake Systems: Currently NHTSA is researching handling and stability performance during braking for light trucks. A decision on whether to modify the braking requirements in FMVSS No. 105 will be made upon completion of this research.

SIDE IMPACT UPGRADE

SENATOR LAUTENBERG: What is the status of the side impact upgrade rulemaking for passenger cars?

ANSWER: Two NPRMs were published on January 27, 1988, to amend Federal Motor Vehicle Safety Standard 214, "Side Door Strength," to upgrade test procedures and performance requirements for passenger cars and to specify a side impact dummy. These notices had a nine-month comment period. Summaries of the comments to the dockets have been prepared and are being evaluated.

This rulemaking is one of the most complex that the agency has undertaken as is reflected to some extent by the nine-month comment period which was provided. Issues raised by the commenters addressed the side impact dummy, injury criteria, barrier, test procedure, and international harmonization. NHTSA is currently analyzing the comments and addressing these issues.

Our next rulemaking decision is expected in Fall 1989.

TRUCK CONSPICUITY

SENATOR LAUTENBERG: What is the status of the truck conspicuity rulemaking? Why hasn't the agency issued the rulemaking?

ANSWER: A field study of enhanced truck conspicuity was completed for the agency in 1985. We published a Federal Register notice requesting public comment on that research on September 18, 1987 (52 FR 35345). Our review of the research and comments has led the agency to conclude that further research is necessary -- both to determine the appropriateness of rulemaking in this area, and to supply the technical information needed for performance standards in a regulation. We anticipate awarding a contract for that additional research later this year, which will take thirteen months to complete. At the end of this additional research, and assuming it yields productive results, the agency will be in a position to commence rulemaking.

While the research phase may appear lengthy, it is needed to determine what types of conspicuity treatment are most effective, and to meet the statutory criteria for rulemaking under the Vehicle Safety Act. In the interim, we are pleased to note that many truck/trailer manufacturers and motor carriers are utilizing enhanced conspicuity markings on their vehicles.

NATIONAL DRIVER REGISTER (NDR)

SENATOR LAUTENBERG: What were the results of the new NDR Problem Driver Pointer System (PDPS)?

ANSWER: The system performed as it was designed to perform. More than 98 percent of the state license inquiries received by the National Driver Register (NDR) were responded to in less than 7 seconds. System failures were infrequent and the volume handled by it indicated that it will be able to handle peak volumes of inquiries when all states become operational under PDPS.

The primary objective of the PDPS, which is to allow licensing decisions to be made during the applicant's visit to a states's driver licensing office, was achieved. Experience in the PDPS pilot test produced the following results:

Interactive State License Inquiries	545,500
Probable Identifications (Matches)	46,000
Licenses Denied	20,830
Licenses Denied at time of application	17,550*

*This represents 84.3 percent of licenses denied.

Reaction to PDPS by the four pilot States (North Dakota, Ohio, Washington, and Virginia) was very favorable. The pilot states unanimously endorsed the PDPS concept and urged that all states adopt it as soon as possible.

SENATOR LAUTENBERG: What are your future plans for NDR, and what funding will be required?

ANSWER: In FY 1990 NHTSA plans to expand Remote Job Entry (RJE) to 40 states and expand interactive access to 24 states as part of the states' implementation of the commercial driver law which requires checking NDR prior to issuing commercial operator licenses. Rulemaking on procedures for states to become Problem Driver Pointer system (PDPS) states will be completed, and five states will convert to PDPS.

Beyond FY 1990 NHTSA plans to continue assisting states to connect to NDR for checking commercial license applicants and continue PDPS expansion by encouraging additional states to accomplish the necessary steps.

Future Federal funding requirements and cost allocations have not yet been conclusively determined. NHTSA will conduct a study in FY 1990 to explore alternative methods to reduce or offset Federal costs.

SENATOR LAUTENBERG: The 1986 Commercial Motor Vehicle Safety Act requires states to check the NDR for commercial driver history before issuing licenses. How is the NDR supporting commercial licensing?

ANSWER: The Commercial Motor Vehicle Safety Act (CMVSA) requires states to check both the Commercial Driver License Information System (CDLIS), a clearinghouse of driver history information on all commercial drivers, and the NDR prior to issuing a commercial driver license. The CDLIS was designed to be compatible with NDR to permit a state licensing examiner to query both systems with a single inquiry. Consequently, as states implement CMVSA requirements and establish electronic access to CDLIS, they also obtain electronic access to NDR. To date only California has fully implemented CMVSA, but all states must do so by the end of FY 1993. The NDR is processing about 1,200 inquiries daily from California related to commercial license applicants.

HEAVY TRUCKS

SENATOR LAUTENBERG: Discuss the status of the in-service demonstration of anti-lock brakes.

ANSWER: In September, 1988 a $3.4 million contract was awarded to Southwest Research Institute (SWRI) of San Antonio, TX to provide overall systems support for this effort.

A total of 17 fleets, located in six cities will participate with the agency in this test program. Associated Grocers of Seattle, WA, was the first fleet to put test vehicles into service in October 1988. Other vehicles have since been put in service at Frito-Lay in Detroit, MI, KMD Inc. and Safeway Food Stores in Seattle, WA, and Mobil Oil and A.M. Castle Co. in Chicago, IL.

The remainder of the 200 vehicles will be put in service by May 1989, at the following fleets: Transport Services Inc., Continental Baking Co., and Certified Grocers, all in Chicago, IL; Chrysler Transport and Manfredi Motor Freight in Detroit, MI; Super Valu Stores Inc., Perlman & Rocque, and Wayne Transports Inc., all in Minneapolis, MN; Monkem Co. Inc., Joplin, MO; Matlack Inc., Delaware OH; and DiPietro Trucking Co., Seattle.

Instrumentation to monitor the operation of the antilock brake systems will be installed on each of the antilock equipped trucks. Data from these recorders will be used to make certain that the antilock brakes are performing properly and to determine how often the antilock capability is called into use. Maintenance records will also be tracked on the test and control vehicles.

All five antilock brake manufacturers (WABCO, Bosch, Midland, Bendix, and Rockwell) will be represented in the test program, each with 40 vehicles. The systems will be installed on heavy truck models from all the major U.S. truck manufacturers: Freightliner, Ford, Navistar, Mack, Volvo-GM, Peterbilt, and Kenworth.

ENFORCEMENT

SENATOR LAUTENBERG: Your defect program has been criticized recently for not playing as active a role as in the past in seeking recall of defective vehicles. How do you answer this criticism?

ANSWER: This criticism is completely without merit. The agency opened 136 new investigations in 1988 (not including upgrades), the highest number in 15 years. There were 177 recalls in 1987 and 165 in 1988. Recalls averaged 179 in the late 1970's, and 221 per year in the early 1970's. NHTSA investigations have resulted in the manufacturers' conducting voluntary recalls (influenced by NHTSA) at an average higher level than any time in the agency's history. Using extensive engineering analyses followed by recall request letters, the agency now achieves overall recalls 18 percent faster than in the late 1970's.

SENATOR LAUTENBERG: Last year, NHTSA contracted for a complete review of sudden acceleration issues. Discuss the results of the sudden acceleration probe.

ANSWER: The study, conducted for NHTSA by the Transportation Systems Center (TSC), was released on March 7, 1989. The study concluded that: (1) pedal misapplication is the most probable explanation of incidents characterized by unexpected high acceleration (wide-open throttle) and ineffective brakes; (2) "driver error" is an inappropriate description since vehicle characteristics, such as pedal location, shape, and feel may contribute; and (3) other types of incidents, such as throttle stick or high idle speed, may also contribute to pedal misapplication and are investigated routinely (approximately 80 recalls have resulted). TSC ruled out all other theories, including cruise control, electronic idle control, fuel injection, transmission, and brake malfunctions and electromagnetic/radio frequency interference.

PROGRAM OVERVIEW

SENATOR LAUTENBERG: What does your latest data indicate about overall deaths and the fatality rate in 1988?

ANSWER: NHTSA's preliminary estimate for 1988 traffic fatalities is 46,900 - up 514 or 1.1% from the 1987 total of 46,386. The estimated fatality rate for 1988 is 2.4 fatalities per 100 million vehicle miles - the same as 1987.

SENATOR LAUTENBERG: What vehicle segments showed fatal crash increases in 1988?

ANSWER: The table below presents the distribution of fatalities for 1987 and 1988. The category with the largest change is motorcycle fatalities which declined about 9-1/2%:

Fatality Category	1987	1988	Percent Change 1987-1988
Passenger Car Occupants	25,114	25,414	+1.19
Light Truck/Van Occupants	6,998	7,235	+3.39
Utility Vehicle	1,044	1,070	+2.49
Motorcyclist	4,031	3,646	-9.55
Heavy Truck	728	766	+5.22
Buses and Other Trucks	169	187	*
Other Vehicles and Unknown	474	688	*
Pedestrians	6,746	6,836	+1.33
Bicyclists	949	922	-2.85
Other Non-Occupants	133	136	*
Total	46,386	46,900	+1.11

*The percent change between 1987 and 1988 for these categories is not meaningful because the numbers are too small or because unknowns in 1988 will decrease as the 1988 file becomes more complete.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

CHILD PASSENGER PROTECTION

SENATOR D'AMATO: What steps have you taken to help develop safer child safety seats? Will you be proposing new standards in this area?

ANSWER: The Agency has dynamically tested child booster seats for both compliance and for research and development purposes. The current testing programs demonstrate that the booster seats are in compliance with the present standard.

The present standard requires dynamic testing of child safety seats, which includes booster seats, with a 3-year old dummy. The Agency is conducting additional dynamic tests of booster seats with other size prototype child dummies, a 9-month old and 6-year old, and is examining their performance.

In conjunction with this testing we are developing standards specifying requirements for the 9-month and 6-year old dummies. Future rulemaking may be considered which would include other size child dummies and child safety seats including booster seats. We have under consideration a petition for testing infant seat systems with a "newborn infant" dummy.

The Agency has also issued a Consumer Information Bulletin setting forth guidelines for proper use of various models of child safety seats. The bulletin also recommends the type of seat to be used with corresponding child size and weight, and recommends when a parent should switch from a toddler seat to a booster seat.

DRUNK DRIVING

SENATOR D'AMATO: Last year 40% of highway fatalities involved intoxicated drivers. What steps are you taking to improve this statistic?

ANSWER: The alcohol safety program of the National Highway Traffic Safety Administration (NHTSA) involves a mix of deterrence and other prevention activities. From a deterrence standpoint, efforts are made to increase the drunk driver's perception of the risk of arrest and "hard" license suspension. Use of roadside sobriety checkpoints and DWI patrol efforts, combined with administrative *per se* license sanctions, provide the foundation for increasing these perceived risks. In addition, emphasis is currently being placed on reducing the number of persons who drive while suspended or revoked. With regard to the enforcement of drunk and drugged driving laws, the agency's focus is on the training of police officers in the use of state-of-the-art equipment (e.g. passive alcohol testers) and techniques such as drug recognition training. In both the enforcement and sanctioning areas, special emphasis is placed on the problem of youthful drinking drivers.

Other prevention and intervention activities also receive emphasis in the agency's alcohol safety program. Issues such as beverage server training and designated driver programs are encouraged in licensed establishments and, where appropriate, in private settings. Efforts are being directed toward the establishment of community based coalitions which include the private sector, activist groups, local health and treatment agencies, media, etc. The agency continues in its efforts to develop community coalitions around stadia and arenas participating in the Techniques for Effective Alcohol Management (TEAM) program. In all of its prevention efforts, NHTSA is attempting to integrate public health and community traffic safety perspectives. As with deterrence, special emphasis is being placed on efforts to prevent impaired driving by youth.

QUESTIONS SUBMITTED BY SENATOR DOMENICI

NEW MEXICO ALCOHOL SAFETY PROBLEMS

SENATOR DOMENICI: Are DOT and NHTSA doing anything to target highway safety resources to those states, or areas within states, that have traffic fatalities above the national average?

ANSWER: In section 402 of the Highway Safety Act of 1966, Congress established the formula by which highway safety funds are apportioned to the States. In developing a policy for the distribution of highway safety funds, the Department gave careful consideration to how the National Highway Traffic Safety Administration could best assist the states in targeting highway safety resources. Rather than mandating how and where a state must use its highway safety funding, the Department believed it was best to establish broad national guidelines for the use of these funds. This approach allows state officials discretion in deciding how funding should be used to most effectively deal with those problems that they feel are most important and pressing. The Department's view continues to be that the states, based on their own identification of accident problems, can best make decisions about program priorities.

The formula in the Highway Safety Act is also used as the basis for the apportionment of subsequent incentive grant funds. While there is no perfect way to distribute funding, the Department feels that the current method of apportionment is more equitable than other methods which have been proposed and considered.

Both the State of New Mexico and the Bureau of Indian Affairs (on behalf of the Indian Nations including those in New Mexico) receive formula allocations under the Section 402 program. In addition to funding resources, NHTSA personnel attempt to identify those states with more severe drunk driving problems and provide them with technical and informational resources such as workshops which are designed to review problem areas and to identify effective countermeasures. One such example was provided by the 1988 Alcohol Highway Safety Workshop held in Oklahoma City for both New Mexico and Oklahoma. Another example was provided by the NHTSA supported efforts of Mothers Against Drunk Driving which held workshops to address problem areas in several states, including New Mexico.

SENATOR DOMENICI: New Mexico with its relatively sparse population is at somewhat of a disadvantage when it comes to the highway traffic safety formula grants program where assistance is based on population and road mileage. Shouldn't something be done to target resources to where the problems are the greatest?

ANSWER: The highway safety funding distribution formula is specified by Congress, and cannot be changed by DOT. While we recognize that New Mexico, and other States, would like to have additional funding for their highway safety programs, funding alone is not the answer to solving highway safety problems. NHTSA maintains a highly skilled regional staff to assist each State, on a day to day basis, in the development and implementation of its highway program. Additionally, in Washington NHTSA has a staff of technical area specialists available to provide advice and assistance to State highway safety programs. We believe this form of assistance is as important to the implementation of highway safety programs as is the funding. NHTSA also provides a great deal of highway safety training designed to aid State highway safety personnel in carrying out their programs.

In addition, the Department believes that the alcohol incentive grant program conducted under authority of section 408 of the Highway Safety Act has provided excellent opportunities for states such as New Mexico to obtain additional funds to counter its drunk driving problem. While the amount of funding available to New Mexico under the 408 program is based on the formula used for section 402 funds, it has provided additional funds for New Mexico to effectively deal with this major problem. New Mexico qualified for section 408 grant funding in FY 1985 and has received additional funding under the grant in each of the subsequent fiscal years.

Finally, we welcome the opportunity to work closely with New Mexico officials and citizen activist groups on a broad range of highway safety programs, including those to reduce drunk driving.

SENATOR DOMENICI: Are there any discretionary funds available through DOT and NHTSA that might be targeted to these states or localities?

ANSWER: Other than the formula-based section 402 and 408 funds mentioned in the previous responses, there are no discretionary funds available for operational programs through NHTSA. However, the agency is always pleased to work with the officials of any state to provide technical and informational resources to identify and counter its highway safety problems. In addition, the agency strongly recommends that New Mexico investigate the possibility of establishing a comprehensive, self-sufficiency program which would provide additional non-federal funds for dealing with its drunk driving problem.

SENATOR DOMENICI: I would greatly appreciate any comments or suggestions you might have as to how the Department of Transportation and the National Highway Traffic Safety Administration might help the State of New Mexico get a grip on this serious situation.

ANSWER: The Department views New Mexico as a state which has done an admirable job of developing its alcohol highway safety program. Its early approval for a section 408 grant and the constructive DWI prevention programs initiated with those funds attest to the progressive and effective management of the New Mexico highway safety program. The NHTSA Regional Office in Fort Worth has assigned a staff person to work closely with the New Mexico highway safety program. That person is also the regional coordinator for highway safety programs to aid Native Americans. Through frequent interpersonal contact between State and regional personnel, a constant exchange of technology, information and advice is being maintained.

In spite of the above accomplishments and relationships, New Mexico continues to have a serious drunk driving problem. The state's newly established policy of regularly conducting roadside sobriety checkpoints is, in the opinion of the agency, one of the most effective actions it can take at this time. In addition to this action, it is recommended that the state provide the maximum possible media visibility for both the roadside checkpoint program and the administrative license revocation program. The state should also place more emphasis on reducing the many offenders who drive after their licenses have been suspended or revoked. New Mexico already has a vehicle impoundment law for accomplishing this but it appears that this sanction is infrequently being used. It may be desirable for the state to consider a license plate confiscation law which could be used for "lesser" offenders, thus reserving the use of its vehicle confiscation law for "worse" offenders. Both laws would have a greater likelihood of being used if they were viewed as a progressive "system" of sanctions to reduce repeat drunk driving and driving while suspended. Finally, more emphasis could be placed on special licensing sanctions for youth under the age of 21 who procure or attempt to procure alcohol. Several states have implemented such laws and have experienced significant reductions in alcohol-related crashes among this group.

Another way in which NHTSA and New Mexico can work more closely together to reduce this problem is in the sharing of technology. One example of new technology we plan to make available to the State deals with drugged drivers. For several months NHTSA has been working with New Mexico and Albuquerque officials in order to qualify that metropolitan area as a pilot site in the Drug Evaluation and Classification (DEC) program. The DEC program is a nationwide effort to train police officers how to detect drug impaired drivers and to identify the types of drugs that have impaired the driver.

SUBCOMMITTEE RECESS

Senator **Harkin**. The subcommittee will stand adjourned until April 6 at 10 a.m.

[Whereupon, at 11:43 a.m., Thursday, March 16, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 6.]

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